

LinkedIn Business Model Analysis

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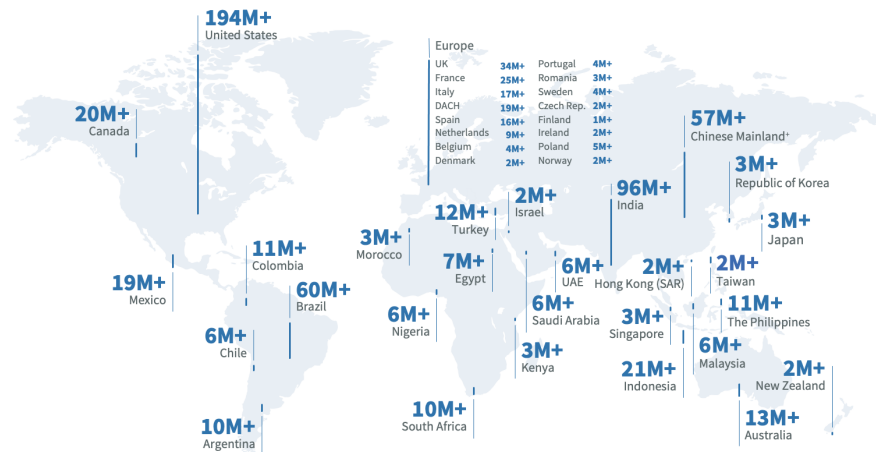
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1) INTRODUCTION

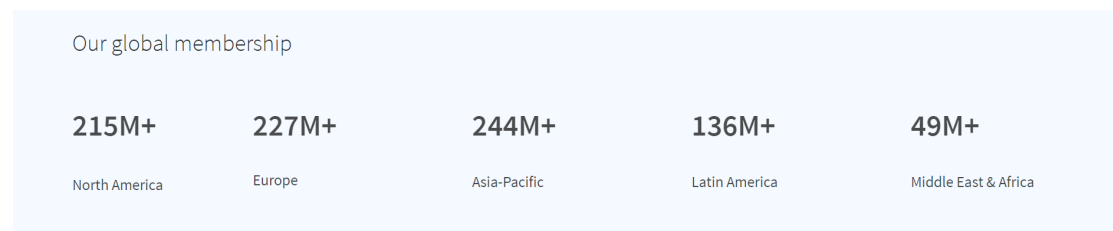
LinkedIn, launched in May 2003, is a social networking platform for the workplace, headquartered in Sunnyvale, California, USA. The company went public on the New York Stock Exchange on May 20, 2011.

The purpose of the site is to allow registered users to maintain contacts they know and trust in their business dealings, commonly known as "connections". Users can invite people they know to become part of their Connections circle. As of December 2021, LinkedIn has reached more than 875 million users.

More than 875 million members in 200 countries and regions worldwide*



*Membership numbers are updated quarterly after Microsoft Earnings. *Numbers reflect InCareer app membership as of December 2021.



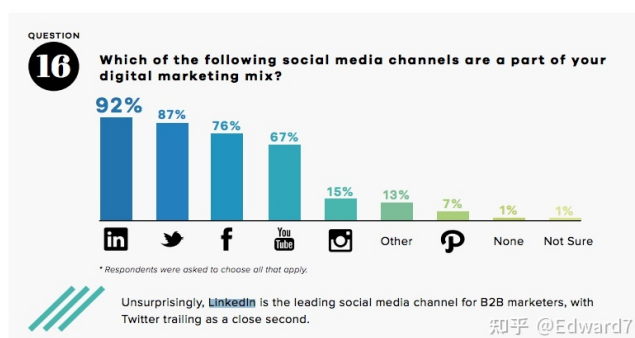
LinkedIn is a workplace social platform designed to allow professionals to make deep connections on a global scale. Runs as a social and recruiting side-by-side.

LinkedIn Demographics

- More than 74% of LinkedIn users are from outside the US.
- Females account for 43.1% of the total LinkedIn users, while 56.9% of LinkedIn users are male.
- 48.5% of US LinkedIn users are Monthly Active Users
- There are 326 million female users on LinkedIn and 430 million male users.
- After the U.S. with 178m+ LinkedIn users, India (76m+), Mainland China (53m+), Brazil (49m+), and the U.K. (30m+) are the countries with the most LinkedIn users.
- 19.2% of Millennials (18-24 years old) use LinkedIn.
- The age group with the most LinkedIn users is between the ages of 25 and 34 at 60.1%
- 50% of internet users with a college degree or higher use LinkedIn.
- The average income of a LinkedIn user currently stands at \$46,644 per year.
- 51% of US College Graduates use LinkedIn.
- There are 61 million senior-level influencers and 65 million decision-makers on LinkedIn.
- An estimated 34% of young millennials (19-25) and 41% of older millennials (26-35) have decision-making responsibilities.
- There are 17 million opinion leaders and 10 million C-Level executives on LinkedIn.
- 37 percent of US adults use LinkedIn.

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LinkedIn is based on "Connect" and is a strongly relational social media, based around a three-degree network of people to interact with. Users can connect with colleagues, business partners, and friends on LinkedIn, browse friends' dynamic information, add technical skills to former classmates and friends, or write letters of recommendation. This is something that can directly bring good word-of-mouth to individuals and help to enhance their brand image.



LinkedIn operates in B2B mode, and based on LinkedIn's user attributes and platform features, LinkedIn is currently the preferred social media platform to develop the B2B market.

LinkedIn Business Statistics

- There are **57M+ companies** listed on LinkedIn
- 80% of **people on LinkedIn drive business decisions**
- There are more than **10,000 B2B software product pages** on LinkedIn.
- LinkedIn is the **top network for B2B content marketers for organic social marketing** at 96%
- **80% of B2B leads** come from LinkedIn

Number of companies listed on LinkedIn per year

Year	Number of companies (In millions)
2017	18
2018	26
2019	30
2020	50
Q1 2021	57

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2) LINKEDIN BUSINESS MODEL

Our business

17%

Year-over-year growth in revenue (21% in constant currency) in Q1 FY23

2X

Pace of international growth compared to the United States in Q1 FY23

150M

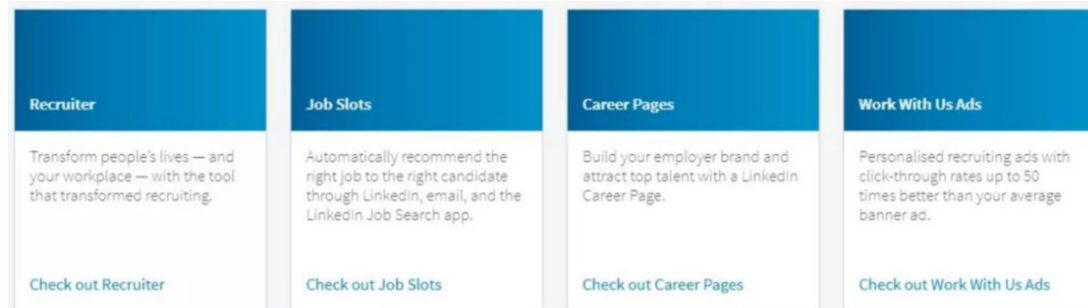
Subscriptions to newsletters on LinkedIn, up 4X year-over-year, in Q1 FY23

LinkedIn's business model is a *freemium model* that offers a free basic service but charges for premium services. It can create deep connections between professionals and between professionals and companies and recruiters. Its revenue model is divided into two parts: one is to provide business solutions for corporate users to meet the needs of companies in talent acquisition, marketing and sales; and the other is to launch premium account services to meet the needs of individuals and corporate users in job search, network expansion, and sales. Specifically, it offers the following services:

1) Talent Solutions

Talent Solutions accounts for more than 65% of LinkedIn's total revenue and is the

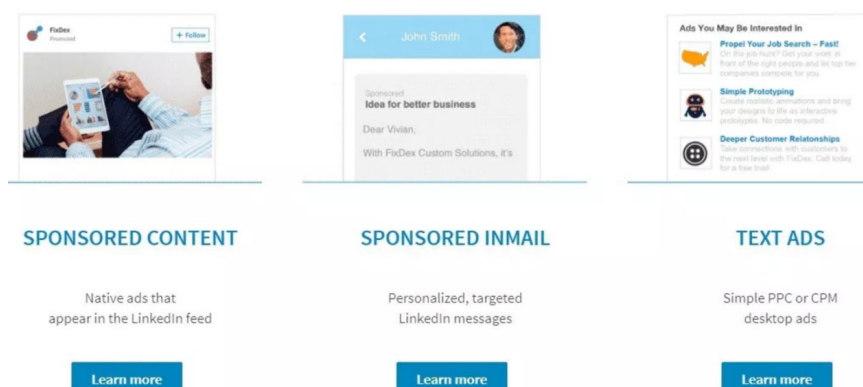
most important service and tool in its business model. It provides companies and recruiters with quality recruiting tools to help them find the best-fit employees and partners. Talent Solutions has corporate recruiting accounts, job postings, job boards, and job ads.



One of the key differences between LinkedIn and other job portals is that professional users don't use LinkedIn just to find jobs, they also want to build and promote their brand. This fits the needs of recruiters and recruiting companies, who can get a more detailed and comprehensive profile of professionals and build a more accurate profile on LinkedIn than on other job portals such as Indeed or Monster Jobs. to poach senior talent from competing companies.

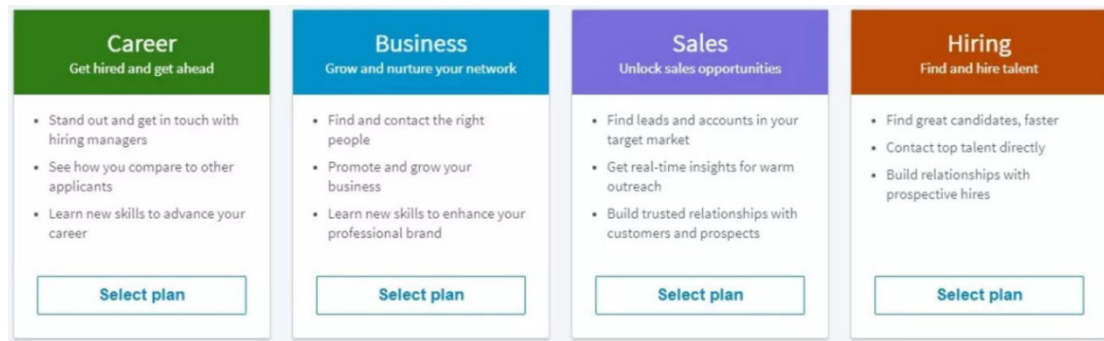
2) Marketing Solutions

LinkedIn not only provides efficient talent acquisition services but also offers marketers a diverse set of marketing solutions that provide more than 18% of total revenue. This solution offers, in addition to the basic company display page, sponsored content that can be displayed in the news feed stream, inbox ads that reach the LinkedIn inbox, and traditional text ads.



3) Premium Accounts

LinkedIn's paid premium accounts allow users to unlock certain features that are not available to free users to meet their more personalized needs. These features include career solutions, job search solutions, sales solutions, and recruiting solutions.



i. Career Solutions

Individual users can upgrade to a premium career account to improve their chances of being seen by recruiters, see who is looking at their profile, and have the opportunity to communicate directly with recruiters; see what strengths and weaknesses they have compared to other candidates, and take courses to improve their career skills.

ii. Business Solutions

By upgrading to a premium business account, users have unlimited access to search for members with 3 degrees and above, as well as the ability to view specific groups of people through advanced search; and contact anyone on LinkedIn, including LinkedIn members outside of their network, through InMail. Through the premium account, users also have access to higher-level and more detailed learning courses on business and careers.

iii. Sales Solutions

LinkedIn Advanced Sales Solutions helps users find the right people and companies and develop the right social selling strategy by providing a variety of tools such as company and leader searches, key sales recommendations, and more.

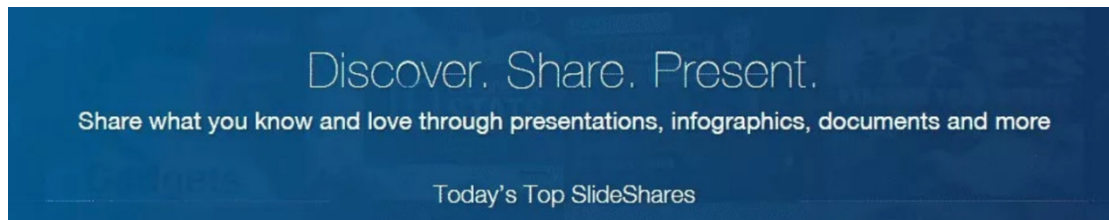
iv. Recruiting Solutions

The Advanced Recruiting account is a streamlined version of the Business solution that gives people access to advanced features such as viewing smart suggestions, automated candidate tracking, integrated recruiting, and the usual features such as sending InMail messages and viewing professionals' profiles. Acquisitions and Partnerships

LinkedIn has expanded its business model through acquisitions and partnerships, including very well-known companies such as Lynda and SlideShare.



LinkedIn acquired Lynda, an online learning platform now integrated within LinkedIn and known as LinkedIn Learning, in April 2015, with a subscription-based revenue model that allows users to learn business, software, technology, and creative skills through videos.



SlideShare, acquired by LinkedIn in 2013, is a slideshow and document-sharing service now available to every LinkedIn user for free. People can upload content privately or publicly via PPT, PDF, Keynote, or Open Document formats. This facilitates in-depth communication among professionals and is good for building personal brands.

3) COMPETITORS OF LINKEDIN

i. Facebook & LinkedIn

Facebook is the world's largest social media platform and is part of Meta Inc. (formerly Facebook Inc.) Facebook Groups allow freelancers and digital marketers to connect with a global audience and share their content. At the beginning of 2022, Facebook had about 2.93 billion monthly active users. The company employs 83,553 people and has annual revenues of more than \$118 billion.

Facebook Groups and LinkedIn both help businesses build online communities. However, Facebook is not as specialized as LinkedIn and is well suited for personalized marketing. Entrepreneurs can run social media marketing campaigns on Facebook and sell products through the Facebook Marketplace.

Facebook is more focused on socializing, meeting new people and building relationships. LinkedIn, on the other hand, is more focused on creating business

relationships, where users can create deals, find jobs and hire employees directly from the web. As a direct consequence of this overall difference, LinkedIn users tend to be older than Facebook users.

Because LinkedIn is business-oriented, companies can post information about themselves, such as locations and what they do. Users can then search for these companies and get this information to gauge whether they would like to apply to the company. Facebook does not have this feature because it is more focused on relationships between people rather than large entities like companies. LinkedIn also offers a service called LinkedIn Answers. This is very similar to Google's and Yahoo's services where people can post questions and answers.

ii. Twitter & LinkedIn

Twitter communities provide business networking opportunities. Anyone can join these communities and interact with decision-makers for free. Unlike LinkedIn, Twitter users use topic tags to create and search for content.

The volume of information on Twitter is much more massive and faster-paced. If a brand's message is not interesting enough, users may not even notice it. founded in 2006, the most important feature of Twitter is that it can only post messages of up to 140 words (see microblogs). Twitter allows users to post images, text, videos, etc. and allows interactive behavior between users through likes, comments, retweets, etc. Brands can create their own Twitter accounts to spread their brand messages. But it is more about information as well as dynamic delivery, while it is difficult to do recruitment. At the same time, the Twitter operation of the brand in question usually does not have the ability to recruit.

One of the features of Twitter is topic marketing, which can reach a wider group of users than just followers, and Twitter users often browse through topics when they are looking for specific information. Brands can use topics to promote their messages. Twitter is more of a platform for browsing information rather than a platform for business socialization.

iii. Handshake & LinkedIn

Handshake is an American technology company based in San Francisco, California. It was founded in 2014. Handshake offers an online platform that connects college and university students to employers, career resources, and jobs. The platform provides a platform for students to search for job postings, apply for jobs, and create professional profiles. It also provides a platform for employers to post jobs, search for qualified candidates, and connect with students. Handshake also offers career development resources and guidance to help students find the right career paths.

Today nearly 12 million college students (many with little or no job experience) from 1,400 colleges and universities around the U.S. use the platform to search job postings

from 750,000 companies, message with recruiters and alumni, attend virtual career fairs and conduct video interviews. The students don't pay a dime, but their schools pay an average of \$8,000 a year. The 1,110 companies that pay for a premium version of the platform dish out even more: anywhere from \$15,000 to several million dollars a year, which enables them to send targeted job postings to candidates based on their current location, gender, underrepresented group status, major, GPA, specific skills (such as JavaScript or Python coding) or school-for instance, letting them market to historically Black colleges or universities (HBCUs). Employers can also use all of these segments, except race and gender, to search for individual candidates.

Handshake is better in niche ways than LinkedIn for students and recent graduates looking for their first job. It offers a wide range of job postings specifically tailored to students and alumni, as well as career resources, including resume and cover letter building, networking advice, and more. Additionally, Handshake is free to use and is accessible to students from thousands of universities and colleges across the US, whereas LinkedIn requires a paid subscription for many of its features.

4) WHY IS LINKEDIN'S BUSINESS MODEL DIFFERENT

LinkedIn leverages user time more efficiently than Facebook or Twitter, but LinkedIn is unique in that people use it with a clearer purpose, enabling them to have more successful careers and lead better lives, just like it hooks users like a hook. In contrast, people use Facebook and Twitter for much more vague purposes.

LinkedIn's business model is better than other social networking platforms because it has a clearer revenue model and is not entirely dependent on advertising. In addition, people are not perceived as wasting their time when using this social network, whereas they are using Facebook, Twitter, or Snapchat for pleasure.

Right now, LinkedIn's user base is not as large as other platforms, but it has very strong growth drivers. Since its acquisition by Microsoft, LinkedIn's business model has been expanding at an unprecedented rate.

5) WHY LINKEDIN IS SUCCESSFUL

Scientific data collection and storage is the key foundation of LinkedIn's success. LinkedIn mainly collects and stores talent big data and data on market positions and industry dynamics through user-initiated uploads, intelligent network crawling, manual collection and entry, and automatic algorithm updates.

Efficient data analysis and mining is the core capability of LinkedIn's success. LinkedIn can conduct dynamic and in-depth analysis and mining of all data in near real-time and obtain knowledge mining value from the massive talent data. Data analysis and mining capability is its core competitive ability. All of LinkedIn's businesses are based on data modeling, and accurate data analysis is conducted on user behavior data, user identity characteristics data, professional network data, and other data sources to draw a "data image" of talent. In terms of unstructured data processing, LinkedIn has developed many Java-based tools to structure unstructured data and process it through the corresponding data models. Through efficient data analysis and mining, Collage can accurately grasp the historical status of careers and talents, reveal their changing patterns, and predict future development trends.

The quality of data results service is the fundamental basis of LinkedIn's success. Through big data, LinkedIn has built a wide bridge between enterprises and individual users, providing personalized and accurate data services to users, connecting job systems and talent systems precisely, and successfully solving the problem of information asymmetry between enterprises and individuals. LinkedIn provides talent development planning services for enterprises, through data analysis of various basic data such as employees' education status, ability, work situation, and personality traits, combined with employees' development expectations, the development of the enterprise, and the existing personnel situation of the enterprise, the current situation of the enterprise talent team is diagnosed, and targeted solutions are proposed. Collage provides support for enterprises to achieve accurate recruitment of talent, allowing enterprises to have a larger selection range, more accurate selection methods, and cheaper selection costs. The real information, huge data, and multi-dimensional connection of relationship networks have solved the information asymmetry problem that plagued recruiters in the past, and recruitment has become a more transparent, accurate, multi-channel, and humane thing.

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