

LinkedIn Enters Increasingly Crowded Social Platform Arena

Ray Valdes

LinkedIn is evolving from a social site into social platform. Its latest announcement responds to Facebook's challenge by seeking to increase user engagement while preserving LinkedIn's business-oriented focus.

NEWS ANALYSIS

Event

On 10 December 2007, LinkedIn, a social networking Web site for professionals, announced a set of related changes:

- A redesigned Web site, with additions to the user experience that include an "activity stream" feature similar to Facebook News Feed
- A component model that allows third-party developers to build modules or widgets that integrate into the LinkedIn user experience
- A programming interface for developers that allows external sites to access data from LinkedIn

Analysis

Over the past year, a contest has emerged among vendors seeking to dominate the future of the "Social Web." Facebook currently enjoys "first mover" advantages in the race to transform social networking sites into platforms for social solutions. With this announcement, LinkedIn joins MySpace, Google Orkut, Twitter and Hi5 in pursuing a "fast follower" platform-oriented strategy. (Vendors that aren't yet participating in the market include MSN Spaces, Yahoo 360, AOL, eBay, Expedia and Amazon.)

In this increasingly crowded market, LinkedIn positions itself as the only credible business-oriented alternative to Facebook. While Facebook is perceived a utility for managing one's social life outside of work, LinkedIn has become the place to go to manage one's professional career. The site has attracted almost 17 million users, and is growing at 1 million users per month — by most measures, an enviable growth rate, though it amounts to only one-quarter of Facebook's market performance.

But LinkedIn has certain advantages over Facebook and almost every other social networking site:

- *Its user demographics.* According to the company, the average LinkedIn user is older and more affluent than the Facebook user (due to Facebook's roots in the college student market). LinkedIn users also have a higher income than readers of established management-oriented publications like Forbes and Fortune.
- *Its social data repository.* The data in LinkedIn — which has yet to be exploited by third-party developers — includes a detailed job history, recommendations and introductions.

This announcement seeks to address LinkedIn's weakness: a comparative lack of user engagement. More than half of Facebook users visit every day, and the average user views 50 pages per visit. These metrics are much higher than similar social networking sites. LinkedIn, by contrast, has fewer visits per month and fewer page views than average. Its announcement seeks to draw in users through a combination of social news (the activity stream), third-party on-site content and syndicated content on partner sites such as BusinessWeek.

Gartner believes these initiatives are necessary for LinkedIn to succeed in this competitive arena. To qualify as a "fast follower," however, LinkedIn must implement them speedily. To remain truly competitive with Facebook, LinkedIn and its competitors must step up the pace in rolling out APIs and technology, establishing partnerships, and helping partners execute fast and well.

RECOMMENDATIONS

- Users can look forward to a more engaging user experience on LinkedIn, but should be on guard regarding the main risk that plagues all social sites: unwanted disclosure of personal information.
- Fast-follower competitors should strive to be a close second to Facebook or risk getting left behind in the crowd.
- Established Web giants should consider acquisitions to gain both breadth and depth in demographics.
- Developers should evaluate LinkedIn as a platform with unique social data applicable to business-oriented scenarios.

RECOMMENDED READING

- "Facebook and the Emerging Social Platforms Wars" — Facebook has a lead position in the early stage of the contest among vendors for dominance in social platforms, though Microsoft and Google have taken the role of fast followers as well as collaborators. **By Ray Valdes**
- "Three Potential Pitfalls of Corporate Social Networking" — An investment in a social networking solution from an enterprise vendor isn't enough to guarantee that users will embrace the technology. **By Brian Prentice**

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