

LinkedIn, not Facebook, became social IPO star

May 27 2013, by Benjamin Pimentel

Facebook Inc. isn't the only social media company marking the anniversary of its public trading debut this week.

[LinkedIn](#) Corp. will celebrate the second anniversary of its [initial public offering](#) on Sunday, a day after [Facebook](#) marks its first birthday as a public company.

In LinkedIn's case, "celebrate" is the appropriate word.

"LinkedIn has been the belle of the social IPO ball," analyst Roger Kay of Endpoint Technologies Associates told MarketWatch.

While it didn't attract the pop culture frenzy that Facebook enjoyed, the LinkedIn IPO will be remembered as one of the most successful [social media](#) trading debuts in history.

LinkedIn shares closed Friday at \$182.35 a share, roughly four times their IPO price of \$45. When it debuted on May 19, 2011, the stock more than doubled to close at \$94.25. On the other hand, Facebook ended its debut trading day with a gain of 23 cents.

LinkedIn's debut was supposed be just the first wave of social media IPOs that was expected to reach a high point with Facebook.

LinkedIn didn't just have a far more successful trading debut; it has maintained a solid momentum.

LinkedIn has more than 225 million members, much smaller than Facebook's more than a billion users. But LinkedIn isn't just a social network. The Mountain View, Calif.-based company also offers hiring and marketing services to businesses, and those have become part of LinkedIn's central strengths.

"LinkedIn has tapped into a core set of jobs that professionals want to get done around managing your professional network, looking for a new job, refining your skills," IDC analyst Crawford Del Prete told MarketWatch. "They kind of disrupted the Rolodex."

LinkedIn also evolved steadily into a "rich professional content site," Del Prete added, referring to how LinkedIn has served as a forum for professionals on a range of issues.

Being focused on professionals and businesses gave LinkedIn a big advantage over Facebook, said Tim Bajarin of Creative Strategies Inc.

With consumer-focused companies, "the investment community tends to be more fickle," he told MarketWatch. With companies geared to businesses, he added, "it's easier to see the monetization level."

In a Tuesday note initiating coverage, Baird analyst Mark Marcon said, "As the world's largest professional network, LinkedIn has become the 'must have' solution for companies seeking talent everywhere, leading to rapid share gains against both online and offline alternatives."

LinkedIn did hit a bump recently, after posting a disappointing outlook. The stock has shed about 6 percent this month, although it's still up more than 58 percent year-to-date.

The consensus view has been that investor enthusiasm got a tad overheated. In fact, Marcon of Baird started the stock at neutral.

"Truly outstanding business model is highly scalable, generating high incremental margins and strong free cash flow," he wrote.

The company has a "remarkable growth trajectory" that is "discounted by equally lofty valuation, he added.

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