

# AI helped LinkedIn gain \$1.7 billion from premium subscriptions

Article

**The news:** LinkedIn made **\$1.7 billion** in revenues from its premium subscriptions last year, the company announced on Friday. The company did not disclose its subscriber count, but said subscriptions rose 25% in 2023.

- LinkedIn previously stated its total 2023 revenues were \$15 billion.

**Subscriptions and AI:** LinkedIn was a major growth area for **Microsoft** last year as it launched some major business initiatives. The lion's share of its revenues comes from software and advertising revenues tied to hiring, but the company also revitalized its subscription business.

- Artificial intelligence was a cornerstone of the company's aggressive push into advertising last year—but it's also why its subscription revenues saw such strong growth.
- LinkedIn spent 2023 offering a number of AI-powered features for premium subscribers. Among them were the ability to scan and summarize a user's profile, a feature allowing users to scan resumes and instantly determine which ones match listed job requirements (or determining if users themselves are a match for a listing), the ability to summarize key posts missed while logged off, and more.
- In an interview with Reuters, LinkedIn's COO said that 70% of premium users had tried new AI features, and 90% reported high satisfaction with them.

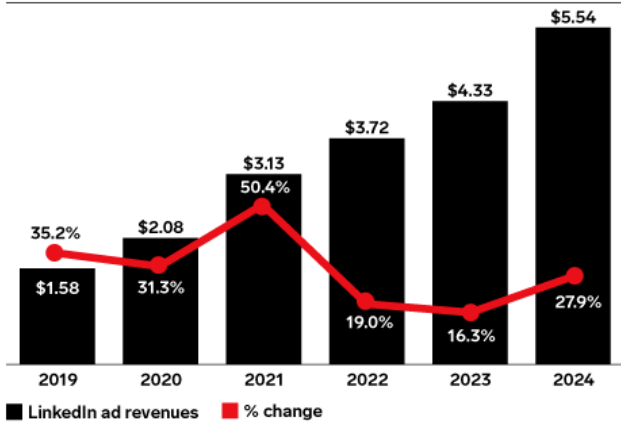
**LinkedIn's expansion:** LinkedIn is unique among social networks for its professional focus and is largely without competitors. That singular position makes it the perfect testing ground for new technologies like AI, which are a perfect fit for LinkedIn's busy, professional audience.

- But while AI has proven to be a boon for subscription revenues, not every new venture from LinkedIn has been a hit. In the company's aggressive effort to expand advertising revenues, certain ad formats were introduced that are abrasive to the experience and risk being interpreted as spam.
- One of the problematic formats are ads that appear in the form of messages. Advertisers can pay to send users promoted posts via direct messages—a space usually reserved for personal conversations and professional contacts. The format means advertisements are extremely direct but also invasive in a way that consumers have historically opposed.

**Our take:** The success of LinkedIn's subscription efforts and content updates shows that features and ad formats that cater to LinkedIn's core function as a professional tool are the ones most likely to succeed—not those that co-opt useful channels for new ad space.

## US LinkedIn Ad Revenues, 2019-2024

billions and % change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes spending by marketers that goes toward developing or maintaining a LinkedIn presence; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; data after 2015 is included under ad revenues for Microsoft

Source: eMarketer, Oct 2022

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