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## ***Social Networking Report, 2010-2014***

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### **SCOPE**

This study examines the market for Social Networking solutions from 2010 to 2014. The study covers both the Enterprise (i.e. business) market as well as the Consumer market. For the Enterprise market, it provides extensive data regarding current installed base, market share, breakouts by region, business size, and four year forecasts. For the Consumer market, it provides current installed base, market share, breakouts by region, and four year forecasts. The study also looks at the leading players in the Social Networking market and analyzes their features, business strategies, and product strengths and weaknesses.

All market numbers, such as market size, forecasts, installed base, and any financial information presented in this study represent worldwide figures, unless otherwise indicated. All pricing numbers are expressed in \$USD.

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## METHODOLOGY

The information and analysis in this report is based on primary research conducted by The Radicati Group, Inc. It consists of information collected from vendors, service providers, and users within global corporations via interviews and surveys.

Secondary research sources have also been used, where appropriate, to cross-check the information collected. These include company annual reports and market size information from various market segments of the computer industry.

## EXECUTIVE SUMMARY

- This study looks at the Social Networking market as comprising two different market segments:
  - *Enterprise Social Networking* vendors provide social networking tools and services which cater to corporate environments that require strict security policies, and robust management capabilities. Key vendors in this segment include: *Atlassian, IBM, Jive Software, Microsoft, Novell, Oracle, Socialtext, Telligent*, and others.
  - *Consumer Social Networking* services are typically external facing networks that are used primarily by consumers, but many businesses and enterprise users utilize the services as well. Key Social Networking providers in this segment include: *Facebook, Friendster, hi5, LinkedIn, MySpace, Orkut, Qzone, Twitter, YouTube*, and others.
- The Social Networking market has seen strong growth over the last 12 months. Catalysts such as growing interest among users across all demographics, along with advancements in technology continue to drive user adoption around the world.
- Security remains a large concern for many consumers and businesses that actively use social networking services. Consumers, for the most part, are concerned with keeping personal information private, identity theft, and protecting against online

threats to minors. Businesses' main concerns include information leakage, and distribution of illicit content.

- While the Consumer and Enterprise Social Networking segments remain clearly distinct and definable, concepts and features from each segment have begun to blend with one another. For example, some businesses have turned to sites such as Facebook to create group or fan pages to help market their product or service. Enterprise Social Networking vendors are now providing external facing solutions that enable a business to offer their customers an online outlet to discuss and interact with other customers through the web.
- The Enterprise Social Networking market has begun to pick up momentum as executives have been unable to ignore the rapid rise of the Consumer Social Networking market along with an increase in usage of public social networks within company firewalls.
- Many of the vendors in the Enterprise Social Networking market have focused on developing platforms that are capable of integrating with other popular enterprise platforms (i.e. Microsoft Exchange Server, IBM Lotus Domino Server). This is a key point that many vendors are focusing on as there is a perceived notion among some customers that Enterprise Social Networking solutions will not integrate with their current technology.
- Security is a top priority for many businesses deploying a Social Networking solution. Potential security threats within the enterprise include: user published illicit content, malware, spyware, and viruses through web-based social networks, as well as leakage of confidential information.
- Growth in the Consumer Social Networking market can be attributed to proliferation of social networking services available to the public. Established service providers such as YouTube have looked to expand their offerings by including more Social Networking-friendly features, while newer services have looked to cater to specific affinity groups of users. The combination of these two factors has led to very strong growth in this market over the last year.

- Niche Social Networking services, or websites whose service revolves around a specific subject matter have helped drive up the number of users in the Consumer Social Networking market over the last 12 months. Examples of niche Social Networking sites can be found on a variety of different subjects, including: photography, sports, videos, blogging, and many more.
- The mobile Social Networking market has also seen strong growth through the combined impact of a few different factors: the rapid growth of the smartphone market has led to an increase in mobile users accessing social networks; also, advancements in mobile hardware along with high-speed mobile Internet have made accessing Social Networking services from a mobile device much more convenient.
- Mobile OS developers are driving the mobile Social Networking market by providing built-in social applications that support popular consumer social networks. Google now includes with their Android handsets, “Friend Stream”, a mobile Social Networking aggregating tool. Friend Stream connects to a user’s Twitter, Facebook, Flickr and other Social Networking accounts and provides all activity and status updates in one location.
- We expect the total number of worldwide Social Networking accounts, including both Consumer and Enterprise accounts, to grow from 2.1 billion in 2010, to over 3.6 billion in 2014. The number of Social Networking users is expected to rise from 767 million users in 2010, to over 1.2 billion in 2014. (*Note: users typically have more than 1 account*).

- Table 1, shows the growth in the number of worldwide Social Networking accounts and users from 2010 to 2014. Worldwide Social Networking accounts shown below include both Enterprise and Consumer Social Networking accounts.

	2010	2011	2012	2013	2014
<b>Worldwide Social Networking Accounts (M)</b>	2,180	2,523	2,875	3,246	3,669
% Change		16%	14%	13%	13%
<b>Worldwide Social Networking Users (M)</b>	767	895	1,022	1,121	1,234
% Change		17%	14%	10%	10%
Average Accounts / User	2.8	2.8	2.8	2.9	3.0

**Table 1: Worldwide Social Networking Accounts and Users, 2010 – 2014**

***To view the complete Table of Contents for this report, visit our website at [www.radicati.com](http://www.radicati.com).***