

Inside the Sponsored Update Program

- **The advertiser:** Advertisers come to LinkedIn to reach professionals and build long-term relationships with them. LinkedIn has a unique audience and professional context that's very hard to find at scale anywhere else.
- **The LinkedIn member:** Here at LinkedIn, we put our members first. Our goal is to provide members with the most compelling content possible.
- **LinkedIn:** LinkedIn is the host of the auction. Our goal is to make the auction fair and efficient so all parties benefit from participating.

Every time a page loads on LinkedIn or a member scrolls through his feed it periodically generates a Sponsored Update. Each time there is an opportunity for a Sponsored Update to be shown, LinkedIn runs an auction. For any given auction, there can be dozens, or even hundreds of bids from competing advertisers looking to reach the same members on LinkedIn.

LinkedIn may modify its Sponsored Update Program at any time without liability. Customer's use of the Program after notice of any changes means Customer accepts the changes.

Bid

You can choose to pay when your update is shown (CPM) or only when people click (CPC) in the auction.

Since the auction is a generalized second price auction, you only have to pay just enough to beat the second highest bidder. For example, let's say the winning advertiser has a bid of \$10 cost per click, but the next highest bid is only \$7. That means the winning advertiser only pays \$7.01. This second price method lets each advertiser bid their absolute maximum willingness to pay, but they are only charged just enough to win the auction.

Relevance Score

The auction isn't just about how much each advertiser is willing to pay to have their content shown. Since LinkedIn puts members first, we only show content when we're confident that it will be good for members. We measure this with our Relevance Score, which is a measure of how valuable your content is to the member you are trying to reach. The Relevance Score is calculated using various factors including click-through rate, comments, likes, shares, and feedback we get from LinkedIn members about your content. If a Sponsored Update receives no clicks and doesn't generate interest from members, it may receive a poor Relevance Score and may not continue to be shown. Your Relevance Score can change over time, based on how LinkedIn members interact with your content.

Winning the auction

Whether your Sponsored Update shows in the LinkedIn feed is a function of both your maximum bid and Relevance Score. By using both bid and Relevance Score, we will show the most relevant Sponsored Updates, thereby putting the LinkedIn member first.

An example auction

Advertiser	Bid	Relevance Score	Combined Score	Position
Adv. A	\$12	4	48	#2
Adv. B	\$8	9	72	#1
Adv. C	\$4	3	12	#3

In this case, advertisers A, B, and C are all competing with each other for the same member on LinkedIn. Advertiser A has a bid of \$12, Advertiser B bids \$8, and Advertiser C bids \$4. We've also assigned each advertiser a Relevance Score. You can see here that their respective Relevance Scores are 4, 9, and 3. From this information we calculate a Combined Score, which is simply the product of their Bid and Relevance Score. Thus, for advertiser A we calculate a combined score of 48 by multiplying the bid price of \$12 against the relevance score of 4.

After determining the Combined Score for each advertiser, we can then rank them to determine the winner of the auction. The advertiser in Position 1 wins. In this example, that's Advertiser B because their combination of bid and Relevance Score is the highest.

Advertiser B only has to pay enough to beat the Combined Score of the next best advertiser. Advertiser A has the next best Combined Score. That means Advertiser B would only pay \$5.34 cost per click based on the following calculations:

- Advertiser A's Combined Score: 48
- Divided by Advertiser B's Relevance Score: 9
- Plus one cent: 0.01
- $(48 / 9) = 5.33 + 0.01 = 5.34$

This is the price Advertiser B would pay to beat the Combined Score of Advertiser A.

There are two ways to increase your success in the auction: increase your bid or improve the relevance of your content. By sending relevant, engaging content you can improve success in the auction without increasing your costs.

In summary, make sure you're bidding enough to be competitive, your click through rate is high, and your content is of good quality. Start with a high bid and publish content LinkedIn members in your target audience will find valuable. That's it!

Campaign management

There are two options for managing the Sponsored Updates Program – (i) Standard Service or (ii) Assisted Service. You cannot switch from Standard Service to Assisted Service or vice versa without executing a new Insertion Order.

- i. Standard Service: You will be responsible for all campaign management and bidding for Sponsored Updates through the self service tool, which includes, but is not limited to: creating the targeting, setting bids, bid cost basis, specifying daily and/or maximum budget levels, setting post time frames, promoting individual posts and any campaign optimization related to targeting and bidding in order to maximize performance of a campaign.
- ii. Assisted Service: You authorize LinkedIn to complete all campaign management duties relating to the Sponsored Updates Program, including, but not limited to: creating the targeting, setting bids, bid cost basis, specifying daily and/or maximum budget levels, setting post time frames, promoting individual posts and any campaign optimization related to targeting and bidding in order to maximize performance of a campaign. You will be able to see the promote action on its company page and promote an individual post. No other actions are allowed under this option. Under this option, You will not be able to directly change the targeting, bids or daily budgets for their campaign.

You must spend a minimum with LinkedIn to receive Assisted Service.

Value-add

When You purchase Sponsored Updates, LinkedIn may grant You a bonus amount to be determined solely by LinkedIn (“Value-add”). If LinkedIn grants You a Value-add and You have spent its maximum budget (“Spend”) set forth in the Insertion Order, LinkedIn will automatically apply the Value-add towards additional Sponsored Updates for the same campaign under the same Insertion Order. If You do not reach its Spend under the applicable Insertion Order, You lose the Value-add. If You do not spend the entire Value-add under the applicable Insertion Order, the Value-add cannot be carried over to other Insertion Orders.