
TOP 3 SOCIAL MEDIA
STOCKS
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The Rise Of Social Media

The internet has completely changed the way we live. Virtually every aspect of our lives has been altered by the web. How we get information, communicate with each other, buy and sell merchandise, watch videos, conduct business… the list is nearly endless.

But as significant as the web has been over the last decade, the most important internet trend is still in its early phases.

What am I talking about?

<u>The rise of social media.</u>

There are many ways to define social media. But in its most general form, social media is using the web and mobile technologies to turn communication into interactive dialogue. *In other words, communication becomes a two-way street.*

Let's look at a quick example…

When the internet first started becoming popular, media outlets began posting articles to their websites. It was a quick, efficient way to get news to the masses… but that's not social media.

When those news providers started allowing readers to comment on the articles, the communication became two-way.

That's social media.

Of course, social media is a lot more than just commenting on articles. The social media umbrella includes social news, social networking, photo and video sharing, wikis (informational websites developed by a community of users), and even social games.

What do all these things have in common? Quite simply - *user interaction*. It's the heart of what social media is really about.

Here's the thing…

To say social media is taking off would be a vast understatement. Social media websites have exploded in popularity beyond what just about anyone could have expected.

Just look at Facebook (FB).

If you're reading this, there's a good chance you have a Facebook account… or at least know someone who does. It's not surprising – **over 1 billion people are on Facebook**.

That's an almost unbelievable number. It's over 15% of the world's population!

If Facebook was a country, it would be the third most populous on the planet.

How is Facebook's success even possible?

Well frankly, it's all about convenience.

Facebook makes it easy to find and stay in touch with friends and family, share pictures and videos, advertise products and services, play games, and much more.

And it's not just Facebook.

Twitter (microblogs) has over 100 million active users, YouTube generates an absurd 92 billion page views per month, Wikipedia (free online encyclopedia) has 17 million articles compiled by over 91,000 users, and Google+ (Facebook competitor) reached 10 million users in just 16 days.

Clearly, social media isn't just some passing fad.

There's simply too many millions… scratch that… **billions** of people on social media sites for it to be a flavor of the month.

And more importantly, too many people are *becoming wealthy* from social media for it to go away.

And now it's our turn.

You see, investing in social media companies is now as easy as the click of a button. Several of the most important social media companies have gone public. And many of these companies have yet to fulfill their vast potential.

That means we can buy into the exponential growth of social media at bargain prices.

All we need to do is pick the fastest growing, best run social media companies.

I'm talking about the true market leaders. These are the companies that are going to still be dominant in their fields ten years from now… think what **Amazon.com** (AMZN) is to the online retail business.

We've painstakingly researched social media companies in all shapes and forms. And we've selected **three top-notch companies** for your portfolio. These are truly the best-in-class companies in the sector.

But before we get to the three companies, let's look at an example of how much upside potential there is in social media.

Shares In This Social Media Company Soared 365%

The opportunity to profit in social media is endless. To get an idea of what social media stocks are capable of, look no further than **OpenTable (OPEN**).

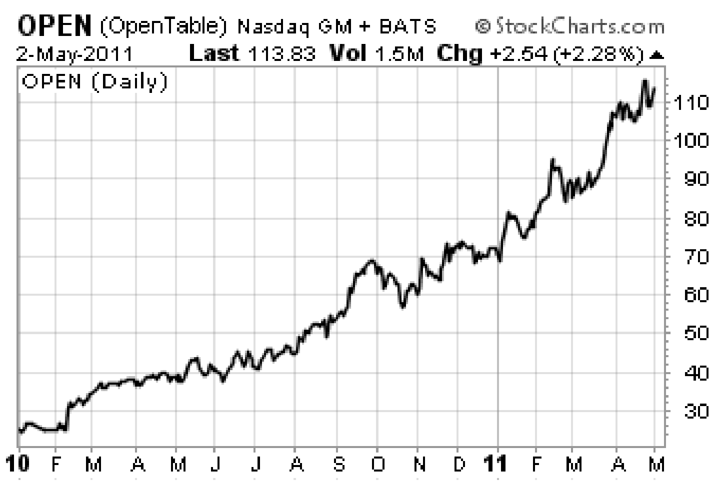
OpenTable provides restaurant reservation solutions for users around the world.

The company offers an online network that connects customers with restaurants. Users can quickly make reservations at their favorite spot with the click of a mouse... or even with their mobile phone.

What's more, OPEN's website allows users to write and share reviews on restaurants they eat at. That's where the social media aspect comes into play.

Investors loved the concept.

OPEN is a boon for both restaurants and diners. The shares began 2010 at a price of $25.53. By April 2011, the stock had skyrocketed to a high of $118.66.



That's a massive 365% return in just sixteen months!

As impressive as OPEN's climb has been, the company's just scratching the surface of what's possible. The era of social media stocks has only just begun.

Now's the time to ride social media stocks to enormous profits!

3 Social Media Stocks You Can Buy Today

We may have missed out on OpenTable's huge run up… but don't worry.

There are still plenty of opportunities to invest in other social media companies poised for huge growth. The upside potential of this industry is off the charts… and it's still early in the game.

In other words, we're still getting in on the ground floor of this amazing opportunity.

Each of these three industry-leading companies gives you the opportunity to participate in the enormous upside potential of social media.

Company #1 - LinkedIn (LKND)

If you asked to name a social media company, most people would immediately think of Facebook. It makes sense. After all, Facebook has over 1 billion users.

But as dominant as Facebook is, they do have competition. For instance **Google's** (GOOG) Google+ is an extremely well funded direct competitor. And Google+ hit 10 million users in a mere 16 days!

Plus, Facebook is having trouble monetizing their user bases. Even with a billion users, there's no easy path to generating revenues.

Here's the thing…

There's another social media company even more dominant in their industry. Their competition is virtually unknown. And, the company's revenue model appears to be working just fine.

You might consider this company Facebook for professionals.

Of course, I'm talking about **LinkedIn (LNKD).**

LinkedIn is a professional online network.

The company's website allows members to build an online professional identity, almost like a résumé. Members can then search, connect, and communicate with business contacts, search for career opportunities, join industry groups, and share information and research.

The company's revenue is generated from three sources – hiring solutions, marketing solutions, and premium subscriptions. Over 50% of the revenue comes from hiring solutions... helping people finds jobs or helping companies find people.

Here's what I like...

LNKD's primary revenue source, hiring solutions, is a vital service.

We all know how hard it is to find a job these days. With so many people looking for jobs, it's also hard for companies to find the right fit for their openings. With LNKD's professional networking features, the entire process become convenient and intuitive.

And that's not all...

With 175 million members and growing, LinkedIn is truly a behemoth in the professional networking space. As I mentioned earlier, there's no competitor even a third the size of LNKD in terms of membership.

But what's really impressive is LNKD's across the board growth.

Take a look at these numbers...

The company should easily pull in over $900 million this year in revenue. That number is expected to skyrocket to $1.4 billion next year.

Moreover, LNKD is on pace to earn $0.61 per share this year. Analysts expect earnings to climb 112% next year to $1.29 per share. Plus, earnings are projected to increase 57% per year over the next five years.

That's what I call off-the-charts growth potential!

And with $617 million in cash and no debt, LNKD is in great shape to continue expanding. It's hard to beat a balance sheet with that much cash and zero debt.

There's a reason why LNKD is the only major social media company to be trading above its IPO price. In a nutshell, it's all about growth. What's more, the company is a great bet to grow and prosper in the months (and years) ahead.

Company #2 - Groupon (GRPN)

Social media is about more than just than social networking. At its core, social media is a way to share information.

Of course, information comes in many forms. It could be pictures of your new puppy, ideas on how to start a dry cleaning business… or good deals on products and services.

That's where our next opportunity comes in.

Many of you are undoubtedly familiar with **Groupon** (GRPN).

The company offers discounted gift certificates online, which can be used at local businesses or national chains. Groupon uses a deal-of-the-day model to build brand loyalty and quickly move surplus inventory.

As an e-commerce marketplace, Groupon is involved with over 140 types of businesses. They include health and beauty, food and drink, activities, events, services, and retail.

But the company isn't just an online discount retailer… it's a social media company through and through. Customers can share info such as reviews and ratings on the products or services being sold.

Moreover, Groupon is focusing on tailoring their deals to specific locations and preferences. This helps build a community appeal to their offerings… and helps retain customers for the long-term.

Despite several negative reports since its IPO, there are plenty of reasons to still like Groupon.

The thing is, if you just looked at the stock chart for GRPN, you'd expect the company announced some kind of catastrophic news.

But that's simply not the case…

Analysts expect GRPN to rake in $2.4 billion in revenue in 2012. That's a stellar 45% growth rate year over year. Even better, the analysts are projecting the company to earn $0.18 per share for the year… a huge increase over last year's $0.72 loss.

Moreover, in 2013, earnings per share are expected to double to $0.36 per share. That hardly seems like the catastrophe many analysts are making GRPN to be. It's simply not as much growth as what investors (unreasonably) first expected.

Even better, GRPN isn't just relying on its online coupon business for revenue.

The company purchased Savored, a competitor in the restaurant business that caters to high end eateries. It was an area Groupon had been struggling with... until now. This strategic acquisition pretty much guarantees a large portion of market share will come its way.

Additionally, and perhaps more importantly, GRPN unveiled a new mobile payment system. It allows businesses to process credit card payments on iPhones. And the company is offering the lowest rates in the industry in an effort to gain market share.

These are both savvy moves by management to continue the company on the path of steady growth.

And don't forget, Groupon has a strong balance sheet to compliment their growth potential. In fact, they're sitting on a cash hoard of $1.2 billion... and they have zero debt.

That gives management the flexibility to continue to introduce new products, expand their sales team, or make acquisitions. Plus, it guarantees the company will be around for the long haul.

Now I will acknowledge that Groupon has some growing pains and negative perception issues that they'll need to fight through. But if they do, and I think they will, this stock could be a homerun!

Company #3 - Zynga (ZNGA)

We know Facebook has over 1 billion members. But what are those hordes of people doing on Facebook on a daily basis?

They can't just be looking at their friends' latest pictures. There must be more going on to keep people coming back to the site.

As a matter of fact, *millions* of Facebook users are spending *countless* hours playing social games.

And the far and away leader in the social game business is **Zynga (ZNGA).**

ZNGA is the leading developer of social games for the internet, social networking sites, and mobile platforms. The company's games include word games, poker games, board games... and of course, simulation games (such as a farm-building simulator).

Zynga's most popular games include CityVille, FarmVille, Mafia Wars, Words with Friends, and Zynga Poker. These games have been, and in some cases still are, the most successful online social games on Facebook.

Most of the company's games are free-to-play. However, Zynga generates revenue through in-game sales of virtual goods and advertising.

The virtual goods market is just starting to take off. In 2010, the worldwide market for virtual goods was $7.3 billion... by 2014 it's expected to double.

Of course, if you've been following social media stocks, you probably realize ZNGA hasn't been doing very well lately. In fact, the shares have dropped substantially from their IPO price.

Here's the thing...

There are several reasons to like Zynga as a turnaround play – and at such a reasonable price it's hard not to like the stock.

First off, the company is a true innovator. Zynga is one of the main reasons social gaming (and Facebook) became so popular. With such a forward-thinking management team, who's to say the company can't push the industry envelope once again?

In fact, the company expects to get involved in real money gaming (such as online poker) next year. There's already significant opportunity in this space overseas. And, if the regulations in the US change, there's an enormous opportunity domestically – particularly for first movers.

Moreover, with the low price of ZNGA shares, it makes an excellent acquisition target for a larger company looking to get into social/mobile gaming.

And don't forget, the company has boatloads of cash and very little debt to speak of.

Their latest financial report shows the company has mammoth-sized cash holdings of over $1.2 billion. That means they have more than enough money to continuously release new games, make acquisitions, and make a strong push into new products.

Bottom line...

ZNGA may not yet have lived up to its pre-IPO hype. However, it's an innovative company with a strong track record of growth. And, now you can grab the shares at a bargain basement.

Zynga's a low risk investment with the potential for very high returns. That's the best kind of opportunity!

A Final Word

We're on the verge of an incredible opportunity in social media. Without a doubt, the social media industry is experiencing astronomical growth. Facebook's 800 million users is a perfect example of how enormous this industry can be.

And with so many people using social media every day, the opportunities for massive profits are there for the taking.

Here's the best part...

It's still early in the game. Investors have yet to truly embrace social media stocks. And that means we can get in on the ground floor of this extraordinary trend.

Make no mistake... this is an unbelievable opportunity to profit and you don't want to miss out on it.

We'll keep a close eye on this, and other important moneymaking opportunities in the *Dynamic Wealth Report*, which will now be delivered free to your email inbox several times a week!

We look forward to helping you get the most out of your investments.

Sincerely,

Robert Morris, Editor
Dynamic Wealth Report

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