

Background

Twitter is one of the biggest platforms that have arisen in social media for businesses to expand their reach and engage with a wider range of customers both locally and internationally, but up until now, the paid advertising (promoted tweets) solution has been limited to 2,400 clients, served directly by Twitter's sales teams. But by the end of March Twitter will open up a self-serve ad platform to small and midsize businesses in the U.S. Furthermore, Twitter announced a partnership with American Express that will give \$100 in free credits to the first 10,000 businesses who sign up via Am Ex. Twitter faces the same challenges as Facebook and to a lesser extent Google; how to monetize their 500 million and growing global users without adding significant service costs. The answer is a self-service solution for the long-tail of business.

Details

This move has been keenly anticipated; rivals like Facebook and Google have long had self-serve options, essentially opening up their platforms to businesses of any size. Twitter's will now open up their advertising platform to small businesses, giving them:

- Set bids for promoted accounts on a cost-per-follower basis
- Set bids for promoted tweets on a cost-per-engagement basis, meaning they pay only when users actively engage with the tweet, for example by retweeting, replying or marking a tweet as a favourite.

Dick Costolo, Twitter's CEO, gave a clear example of what could be the output of the program. He mentioned Glennz Tees, an online T-shirt retailer, whose owners embraced Twitter after one of their shirts was worn by a character on the TV show 'The Big Bang Theory'. The company bought up terms related to the show and doubled their holiday sales over the previous year as well as tripling their Twitter followers.

Implications

This could be a great incentive to encourage more businesses to have a Twitter page as it allows them to use paid media to drive up the engagement the free service already offers but at much greater scale. However, brands should continue to be careful with advertising in social environments as there is a fine line to cluttering a very personal environment versus delivering a relevant experience. In fact, brands should be aware that Twitter ads that fail to engage will be taken off of the platform so creative and relevance will be key. If a brand can add value with the ads then that is great. What we've learnt from ads on Facebook and similar social networks is that it can work very well if you treat the medium with the respect it deserves.

For brands that support their distribution channels or value chain (e.g., retail, car dealerships, resellers) there may be further trade marketing and co-funding opportunities, similar to other initiatives such as affiliate marketing or paid search. Many brands have set-up very successful programs on places like Groupon and Facebook.

Summary

Everyone from big corporations to small businesses should consider the relevance of this new program based on audience fit, their core objectives, as well as how prepared they are to manage and maintain such a dynamic environment. Those with strong retail and trade marketing programs may find this opportunity of more interest, particularly if they already have a strong Twitter program in place.