

May 14, 2009

# How Twitter Can Influence eBusiness

by Diane Clarkson  
for eBusiness & Channel Strategy Professionals



May 14, 2009

## How Twitter Can Influence eBusiness

Assessing The Twitter Opportunity For Retail And Travel eBusiness

by **Diane Clarkson**

with Carrie Johnson, Elizabeth Stark, and Kate van Geldern

### EXECUTIVE SUMMARY

Twitter — a social networking and micro-blogging service — is growing at an extraordinary speed. Twitter facilitates an instantaneous and informal conversation between consumers and companies. It may not yet be a game-changer, but now is the time for retail and travel eBusiness professionals to experiment with Twitter's potential ability to provide market intelligence, offer an alternative customer support channel, and drive sales.

### TABLE OF CONTENTS

#### 2 **Twitter Is Growing In Importance**

Why Twitter Matters To eBusiness

Apply The POST Methodology To Determine If Twitter Is Right For Your eBusiness Efforts

The Numerous eBusiness Benefits Of Twitter

#### RECOMMENDATIONS

#### 7 **Experimenting With Twitter Requires Getting The Fundamentals Right**

### NOTES & RESOURCES

Forrester examined Twitter efforts from several travel and retail companies in the writing of this report.

#### **Related Research Documents**

"Four Tactics To Use Your Web Site To Succeed In Today's Price-Driven Travel Buying Process"

April 23, 2009

"US Online Travel Forecast, 2007 To 2013"

January 20, 2009

"Blogs, Bloggers, And Twitter"

October 21, 2008

## TWITTER IS GROWING IN IMPORTANCE

Twitter — a social networking and micro-blogging service that enables its users to send and receive updates or “tweets” from other users — now ranks as the third most visited social networking Web site, behind Facebook and MySpace.<sup>1</sup> Twitter is cementing itself in the popular cultural zeitgeist thanks to celebrities such as Ashton Kutcher and Oprah. It offers a more instantaneous and informal dialogue than any other social media, and travel and retail companies that are not yet using Twitter should be considering its potential to benefit their online efforts.

### Why Twitter Matters To eBusiness

In 2008, Twitter was a relatively small micro-blogging service that attracted little marketing interest. Things have changed.

- **Twitter is growing at an extraordinary speed.** According to comScore Media Metrix, Twitter.com attracted 9.3 million unique US visitors in March 2009.<sup>2</sup> To give this perspective, Facebook is roughly 20 times larger than Twitter is currently. But Twitter is in a rapid growth phase, with March 2009 numbers representing a 131% increase from only one month prior.
- **Twitter is not just for tweens.** While it may seem intuitive that Twitter would appeal primarily to a younger audience, the largest age group on Twitter is between 35 and 49 years old, comprising close to 42% of its audience. The second largest group is people between the ages of 25 and 34, at nearly 20%.<sup>3</sup>
- **Twitter can connect your company to a valuable audience.** Twitter users control who they receive messages from or, using the Twitter vernacular, who they “follow.” Unlike most other media, Twitter users choose to follow you. This means your followers are more likely to be your brand advocates, and if you provide value in your tweets, these users will spread your message virally through “retweets,” when a user takes a twitter message someone else has posted and rebroadcasts that same message to his/her followers.

### Apply The POST Methodology To Determine If Twitter Is Right For Your eBusiness Efforts

In the glow of Twitter’s significant media attention, retail and travel professionals must avoid the temptation to begin using Twitter and later back-fill eBusiness objectives. Achieving eBusiness goals with Twitter requires undertaking a larger and more thought-out social media strategy. We recommend four steps — summarized by the acronym POST — of people, objectives, strategy, and technology:

- **People: Establish which social media your customers engage with.** To determine if your customers are using Twitter, first consider whether your customer demographic is compatible with Twitter. Survey your customers to learn if they are using Twitter and how it influences or engages them. You can use Twitter’s search feature to help you to determine the volume of conversations that mention your brand.

- **Objectives: Set desired goals for social media.** Decide on the goals you want to achieve by engaging with customers through a channel like Twitter. Common objectives may include supporting branding and public relations efforts, driving sales, and providing an alternative customer service channel.
- **Strategy: Align your approach with your objectives.** What works for one company may not work for you. Plan for how your relationships with customers will change and the impact it will have on your organization and processes.
- **Technology: Select and deploy appropriate technologies to implement your strategy.** Once you have determined your customers' technology profiles, identified your objectives, and developed your strategy, you can determine if a Twitter strategy is appropriate. There are a host of free Twitter tools available to help you monitor, and more sophisticated technologies are emerging. For example, salesforce.com has integrated Twitter into its customer relationship management (CRM) application, and Omniture has integrated Twitter into its Web analytics.

### The Numerous eBusiness Benefits Of Twitter

If Twitter is aligned with your target market and objectives, there are several eBusiness goals that it can help you achieve, including:

- **Twitter offers potentially valuable market intelligence.** Though informal and perhaps not statistically representative, the conversational nature of Twitter can provide a quick focus group, serve as an early warning system, or solicit feedback from individual consumers (see Figure 1). For example, H&R Block asks its Twitter followers about potential product upgrades. More dramatically, Johnson & Johnson recently learned that its ad for Motrin angered many mothers when Twitter was flooded with anti-Motrin tweets; the company ultimately apologized and withdrew the ad.<sup>4</sup> If you haven't already done so, search for your brand and your competitors on Twitter or use free services such as Tweet Scan or Newsgetter.
- **Twitter is emerging as an alternative online customer service channel.** Twitter's immediacy can be a valuable opportunity to deepen customer relationships, address customer service issues, and ultimately drive loyalty. Companies including Comcast, Home Depot, and JetBlue Airways use Twitter to respond to customer questions ranging from flight delays to how much paint is needed to cover a wall (see Figure 2 and see Figure 3). This timely communication is a one-to-one relationship that can meet — and frequently exceed — consumer expectations to drive loyalty and purchase. Herb Kelleher, former chairman of Southwest Airlines, stated at TravelCom 2009 that the airline relies on social media like Twitter to address customer service problems early on — because a problem that's addressed quickly reduces the likelihood of the traveler writing a complaint letter to the US Department of Transportation.<sup>5</sup>

- **Twitter can invigorate your brand advocates.** Travelers receiving your tweets already have some connection to your brand because they signed up to follow you. Twitter can help you invigorate this audience by offering promotional information, humorous tweets, or valuable information. Twitter can humanize your brand by offering insight into the lives of people within your company. Zappos.com CEO Tony Hsieh has more than 518,000 followers driven by entertaining and provocative tweets such as inviting followers for suggestions to discuss at an upcoming White House meeting regarding the economy (see Figure 4).
- **Twitter can support promotions and drive sales.** Dell reported at the end of last year that its Dell Outlet Twitter account had generated more than \$1 million in revenue.<sup>6</sup> The company has since reported that it will be promoting exclusive deals to its followers. Some travel and retailers, including Toys”R”Us, Roots Canada, and VIA Rail are posting coupon codes on Twitter. JetBlue announced at the Forrester Marketing Forum in April 2009 that it had generated revenue by sharing coupons on Twitter. Other companies successfully use Twitter to announce sales (see Figure 5 and see Figure 6). The immediacy of Twitter can be great way to move distressed inventory. Additionally, compelling promotional offers will drive retweets. Sales promotion tactics can be measured by retweets, clickstream data, and coupon redemptions.

---

**Figure 1** Tweet From Home Depot Invites Feedback By Email

---

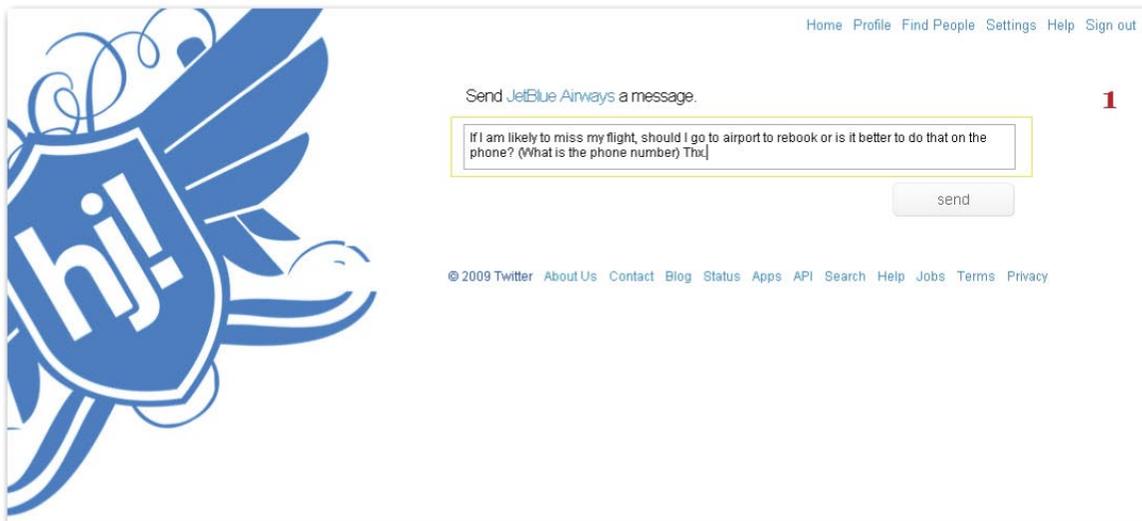


Source: Twitter

54244

Source: Forrester Research, Inc.

**Figure 2** Direct Message Tweet To JetBlue Airways Includes A Customer Service Inquiry

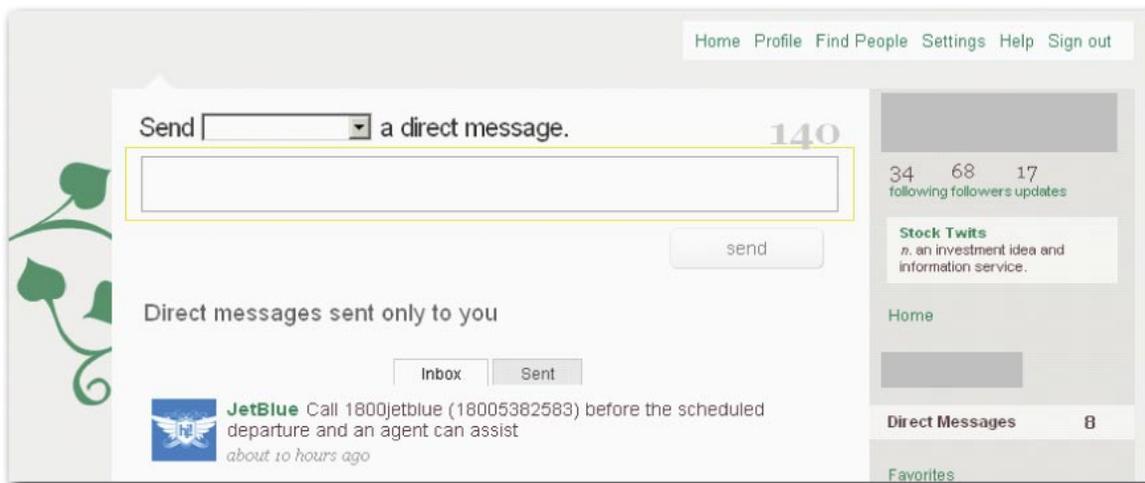


Source: Twitter

54244

Source: Forrester Research, Inc.

**Figure 3** Direct Message Response Tweet From JetBlue Airways Answers A Customer Inquiry



Source: Twitter

54244

Source: Forrester Research, Inc.

**Figure 4** Tweet From Tony Hsieh, Zappos.com CEO, Invites Suggestions From Followers

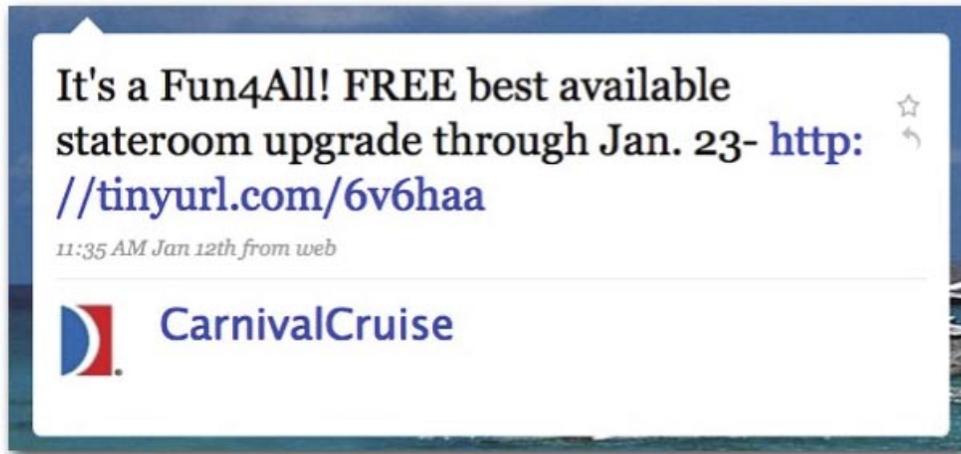


Source: Twitter

54244

Source: Forrester Research, Inc.

**Figure 5** Promotional Tweet From Carnival Cruise Lines Highlights Deals



Source: Twitter

54244

Source: Forrester Research, Inc.

**Figure 6** Promotional Tweet From JetBlue Airways Highlights Deals



Source: Twitter

54244

Source: Forrester Research, Inc.

## RECOMMENDATIONS

### EXPERIMENTING WITH TWITTER REQUIRES GETTING THE FUNDAMENTALS RIGHT

You should do the following to maximize your Twitter eBusiness efforts:

- **Appoint a social media strategist who is your internal Twitter champion.** The Twitter landscape is evolving quickly. User trends and new measurement tools are developing rapidly along with agencies and consultancies promising to improve your results. You will benefit by having one person who understands your business and who can spot opportunities or threats on the horizon and guide your Twitter team.
- **Have a strategy in place to build your followers on Twitter.** First, secure your brand name(s) and point users to your corporate Web site to confirm your identity. From there, promote your Twitter account via your existing channels. Companies like Luxor Las Vegas and Carnival Cruise Lines effectively promote their Twitter accounts on their Facebook pages and blogs. Land Rover is executing a national Twitter campaign to promote its new models at the New York Auto Show using billboards and taxi TVs. Priceline.com ran a campaign to increase its followers by offering a \$50 hotel coupon to each person if Priceline.com reached 3,000 followers by the following week; it achieved a 400% increase in the number of followers.<sup>7</sup>
- **Provide staff and guidelines.** Companies using Twitter do so primarily through corporate communications, interactive marketing, or public relations. Some companies have a dedicated person using Twitter, while others have teams. In either case, there should be guidelines to ensure Twitter postings are consistent with overall branding strategies and consistent, regardless of which team member is posting.

- **Have metrics in place to monitor your efforts.** The number of people following you is an immediate, though somewhat superficial, measurement. You should also look at how many of your posts are being retweeted and monitor key word trends and brand comments. You can track sales efforts with coupon codes with free tools such as Twitalyzer or Twinfluence. Omniture has incorporated Twitter data into its analytics platform. Additionally, insight gained through monitoring is only useful with timely communication to the appropriate internal departments. Processes will need to be in place to ensure that public relations, marketing, product development, customer service, and other appropriate departments are informed.
- **Make reputation management a 24x7 undertaking.** Your need to monitor and respond does not take weekends. Amazon.com, Microsoft, JetBlue, and Target have all recently been caught in so-called “Twitterstorms” resulting in thousands of tweets speaking out against their actions. Alarming? Yes. But Twitter provides you with the opportunity to participate — something you can only do in a timely way if monitoring is 24x7.

## ENDNOTES

- <sup>1</sup> Twitter ranks behind Facebook and MySpace in January 2009 based on monthly visits according to Compete. Source: Andy Kazeniak, “Social Networks: Facebook Takes Over Top Spot, Twitter Climbs,” Compete, February 9, 2009 (<http://blog.compete.com/2009/02/09/facebook-myspace-twitter-social-network/>).
- <sup>2</sup> Twitter does not release information about its number of users. According to comScore Media Metrix, Twitter.com attracted 9.3 million unique US visitors in March 2009. This represents a 131% increase from the 4 million unique US visitors in February 2009. This figure reflects unique visitors but not users. Additionally, this figure does not reflect usage via Twitter client applications such as TweetDeck or Twitterfall. Source: Andrew Lipsman, “Breaking News (and Making News): Twitter Surges 131% in March to 9.3 Million U.S. Visitors!” comScore, April 15, 2009 ([http://www.comscore.com/blog/2009/04/breaking\\_news\\_and\\_making\\_news.html](http://www.comscore.com/blog/2009/04/breaking_news_and_making_news.html)).
- <sup>3</sup> According to “Nielsen NetView, 2/09 U.S. Home and Work,” the largest age demographic using Twitter in February 2009 was 35 to 49, at 41.7%, followed by ages 25 to 34, at 19.6%. Source: “Twitter’s Tweet Smell Of Success,” *Nielson Wire*, March 18, 2009 ([http://blog.nielsen.com/nielsenwire/online\\_mobile/twitters-tweet-smell-of-success/](http://blog.nielsen.com/nielsenwire/online_mobile/twitters-tweet-smell-of-success/)).
- <sup>4</sup> Motrin’s ad was aimed at mothers and based upon the idea that they might need Motrin to ease back pain caused by baby carriers and slings. In response to consumer outrage, the ad was pulled two days after its launch. Source: Trine Tsouderos, “Company caves to moms’ Motrin ad backlash,” *Chicago Tribune*, November 18, 2008 (<http://archives.chicagotribune.com/2008/nov/18/nation/chi-talk-motrinnov18>).
- <sup>5</sup> Source: Herbert D. Kelleher, “Second Annual Steve Fossett Innovation Award,” TravelCom 2009, April 1, 2009.

- <sup>6</sup> Dell says Twitter has produced \$1 million in revenue over the past year and a half through sale alerts. People who sign up to follow Dell on Twitter receive messages when discounted products are available at the company's Home Outlet Store. They can click over to purchase the product or forward the information to others. Source: David Miller, "What Keeps Twitter Chirping Along," *InternetNews.com*, December 10, 2008 (<http://www.internetnews.com/webcontent/article.php/3790161/What+Keeps+Twitter+Chirping+Along.htm>).
- <sup>7</sup> Priceline.com began a campaign on April 23 2009, tweeting that it would give a \$50 hotel coupon to all followers if it reached 3,000 followers by May 1, 2009. Before the promotion started, Priceline.com had approximately 1,470 followers. When the campaign ended, the number of followers had climbed to approximately 7,400. Source: Dennis Schaal, "Priceline's Twitter audience skyrockets with promotion," *Travel Weekly*, April 29, 2009 ([http://www.travelweekly.com/article3\\_ektid193738.aspx](http://www.travelweekly.com/article3_ektid193738.aspx)).

# FORRESTER<sup>®</sup>

Making Leaders Successful Every Day

## Headquarters

Forrester Research, Inc.  
400 Technology Square  
Cambridge, MA 02139 USA  
Tel: +1 617.613.6000  
Fax: +1 617.613.5000  
Email: [forrester@forrester.com](mailto:forrester@forrester.com)  
Nasdaq symbol: FORR  
[www.forrester.com](http://www.forrester.com)

## Research and Sales Offices

Australia	Israel
Brazil	Japan
Canada	Korea
Denmark	The Netherlands
France	Switzerland
Germany	United Kingdom
Hong Kong	United States
India	

*For a complete list of worldwide locations, visit [www.forrester.com/about](http://www.forrester.com/about).*

For information on hard-copy or electronic reprints, please contact Client Support at +1 866.367.7378, +1 617.613.5730, or [clientsupport@forrester.com](mailto:clientsupport@forrester.com).

We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester Research, Inc. (Nasdaq: FORR) is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester works with professionals in 19 key roles at major companies providing proprietary research, consumer insight, consulting, events, and peer-to-peer executive programs. For more than 25 years, Forrester has been making IT, marketing, and technology industry leaders successful every day. For more information, visit [www.forrester.com](http://www.forrester.com).