



Twitter's In-Stream Ads

Another step in Twitter's gradual monetization



Background

Earlier this year Twitter launched promoted tweets, essentially an advertising message placed at the top of a user's Twitter search results page. Twitter followed this announcement with a new interface, which added richer features including video and a social graph building application that connects you to like-minded individuals and brands. Last week Twitter took yet another step in its gradual path to monetization with the announcement of its new "in-stream" advertising units.

Details

In-stream ads differ from promoted tweets in that they are actually included in a user's scrolled timeline rather than statically positioned in the search results. Consequently, the in-stream ads appear like any other tweet. The in-stream ads will initially be available to the 900,000 users of Hootsuite, a social media dashboard tool that aggregates your tweets with your other social feeds, e.g., Facebook. Twitter will split the advertising revenue with Hootsuite.

The in-stream ads will be targeted to users based on the content of their tweet timeline as well as what brands and individuals they follow. For example, a user tweeting about TV's and following LG may receive an in-stream advertisement on a new LG flat screen TV promotion. The ads are differentiated to regular tweets by a yellow "promoted by" signature.

Similar to Google's search model, payment is based on interaction with the ad unit, including clicking on the link, re-tweeting, or replying. Response rates for promoted tweets have averaged around 5%. However, the rates will most likely diminish as the novelty factor wears off.

Implications

Brands need to take the following into consideration:

- **Relevance:** some users may consider these ads intrusive. Brands need to have something relevant to say or risk annoying consumers.
- **Reach:** Only 900,000 out of Twitter's 175 million users are included in the initial tests. If the program proves successful it will be rolled out to the full Twitter audience, including third-party readers like Tweetdeck.
- **Readiness:** Twitter's appeal is in dialogue and real-time response. Consequently, brands must be prepared for people to actually respond to their ad units.

Summary

Twitter is putting into place the building-blocks necessary to turn the platform into an appealing environment for advertisers. Twitter will continue to experiment with new models like in-stream ads to ensure they don't alienate users in the process.