

Twitter unveils self-service advertising system

February 17 2012, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Buying ads on Twitter is about to get easier for small businesses as the online messaging service adds a key piece to its moneymaking model.

Twitter is unveiling a long-awaited automated system that will enable advertisers to manage their [marketing campaigns](#) and budgets without having to deal with sales representatives.

Before [Twitter](#) opens the system to all comers later this year, the self-service approach announced Thursday will only be available to advertisers who accept or use American Express cards

To get the ball rolling, American Express Co. will buy \$100 in Twitter ads for each of the first 10,000 qualified businesses in the U.S. that sign up at <http://ads.twitter.com/amex> . The ads, which Twitter calls "promoted products," will begin appearing within the flow of users' messages in late March.

Flipping the switch on self-service advertising is the latest sign of Twitter's ambition to build a powerful online marketing vehicle in the mold of Internet search leader Google Inc., by far the Web's most profitable company, and online social network Facebook Inc., technology's fastest-rising star.

It marks another stepping stone toward an eventual [initial public offering](#) of stock from Twitter, which has attracted more than 100 million users

since its creation nearly six years ago.

The timetable for Twitter's IPO remains a mystery, although CEO Dick Costolo said in an interview Thursday that the company's decision won't be influenced by how well Facebook fares in its stock market debut this spring.

"I don't look at what other companies are doing," he said. "We don't think in terms of building this company for a particular IPO date. We are trying to build this company for the long term."

The company, which is based in San Francisco, isn't in desperate need of capital, having raised at least \$700 million last year.

Twitter also probably needs a little more time to prove its financial chops. Last year, Twitter generated ad revenue of about \$140 million, according to the research firm eMarketer Inc. That compared to \$36.5 billion at Google and \$3.2 billion at Facebook. This year, eMarketer expects Twitter to sell \$260 million in advertising, helped in part by the new self-service platform.

The [automated system](#) will be similar to Google's. Advertisers will be able to specify how much they are willing to spend, pick the cities or regions where they want their ads to appear and write their own commercial messages, which will be confined to Twitter's 140-character limit per tweet. Twitter will only charge for ads that get a user response, such as when a viewer decides to follow the business, retweets the message or clicks on a link.

Selling ads through a self-service system will test Twitter's ability to prevent bad actors from polluting the atmosphere with spam and scams. It's a problem that still plagues [Google](#), which has gotten into trouble for showing ads for from unlicensed pharmacies and other shady operators.

But Twitter's self-service ad system seems less likely to encounter trouble in the early going because only small businesses that have already been vetted by [American Express](#) will be allowed to participate during first few months, said eMarketer analyst Debra Williamson.

Twitter is allowing self-service advertising after about three months of tests with a small group of hand-picked small businesses.

Twitter has been easing into advertising to ensure the commercial messages don't spoil the ambiance of service that has been likened to a town square teeming with wildly divergent observations and conversations.

The response to the ads so far has been mostly positive, Costolo said, helping to convince him that the privately held company can open up its revenue spigot even more without facing a big backlash.

"I have every expectation that we will be able to scale this very rapidly," Costolo said Thursday.

Twitter ads paid off for Glennz Tees, an online merchant in Austin, Texas, that has been testing the self-service marketing system. The company's December sales more than doubled from the previous year, said CEO Walter Stokes. In another sign the ads resonated, Glennz Tees' followers on Twitter have more than tripled to 22,000 during the test phase.

The key, Stokes said, was just doing two or three [ads](#) per week. "We didn't want to go overboard with it because we didn't want to annoy people."

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