

MOBILE

Twitter to invest heavily in Periscope to capitalize on social video trend

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Twitter's Periscope app

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With Twitter facing an ongoing challenge driving usage rates, the company is investing heavily in live streaming platform Periscope to drive engagement and ad revenue as video use continues to grow.

While monthly active use was down in the fourth quarter, the total number of advertisers totaled 130,000, up almost 90 percent year-over-year and advertising revenue totaled \$641 million, up 48 percent. Twitter has a number of new initiatives in the market or planned in an attempt to lure brands that are increasingly looking to spread around their dollars earmarked for social beyond just Facebook.

"On the Periscope side, we are investing heavily in this technology and the team is working to build a full stack around video to continue to scale that," said Jack Dorsey, co-founder and CEO of [Twitter](#), during a conference call with analysts to discuss the results.

"We had a major release just recently when we announced that anyone can see a Periscope in a tweet and stream live from a tweet," he said. "So any broadcaster could open their phone, start broadcasting and anyone with Twitter who can visualize tweets can see that broadcast as well.

"The distribution platform and the strategy around live continues to unfold and we will continue to build that technology to make sure it scales and to increase the density of the experience."

Growing ad options

Twitter's revenue in the fourth quarter totaled \$710 million, up 48 percent year-over-year.

The company reported a net loss of \$90 million for the quarter.

Total average monthly active users numbered 320 million for, up 9 percent from a year ago and on par with the third quarter. Mobile represented 80 percent of active users and 86 percent of advertising revenue.

Monthly active usage declined in Q4 but Twitter reports that the volume is bounced back to Q3 levels in January.

Twitter's conversational ads

Twitter will also open a test of Dynamic Ads that lets direct marketers reach users with personalized ads based on

their browsing and bring it to more marketers.

Twitter is also expanding its logged-out ads pilot test and is piloting First View ads, which let marketers own the first Promoted Video spot for 24 hours.

Twitter is also seeing growth in the use of its platform as a customer service channel, with the volume of customer service conducted on Twitter growing two-a-half-times in the past two years.

On the advertising side, Twitter reported that brands are embracing video ads. For example, EA Sports drove 19 million paid impressions and 15 million organic impressions for a recent content using the new Conversational video ads that include customizable call-to-action buttons to make ads easy to share.

Twitter also talked up Periscope, saying it began a pilot with a handful of marketers on Twitter to allow them to promote Tweets with Periscope broadcasts within the Promoted Video campaign objective.

Timeline changes

It has not been an easy few months for Twitter, with several executives jumping ship and the company's stock value continuing to drop.

The company is making a number of changes in an attempt to attract both users and advertisers.

One of the more dramatic changes was the announcement yesterday that Twitter will begin customizing the tweets displayed on its timeline based on users' interests instead of simply showing the most recent tweets first. Several customized tweets will appear first with the traditional timeline appearing below them.

The move could help attract more advertisers, whose promoted tweets may now have more prominence.

While the move is in line with how other social networks display content, it is a significant change for Twitter users, with many expressing their unhappiness about the development.

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Twitter's First View ads

Twitter said that tests showed the new timeline drove user interaction with ads and tweets about live events.

Shifting budgets

Marketers are anticipating a possible second significant change upping the character limit for tweets to 10,000.

"The return of co-founder Jack Dorsey, who knows the product and perhaps the best direction forward, has yielded some interesting propositions for ad agencies looking to spend money," said Ken Wisnefski, founder and CEO of Webimax. "Mr. Dorsey has hinted at expanding Twitter's character limit to 10,000 characters.

"This is a big deal because Twitter ads have not proven effective thus far at providing a positive ROI for brands in general," he said.

Twitter needs to make some significant changes if it is to start doing a better job of attracting advertising dollars.

"As agencies have figured out Adwords and gotten more optimized on that platform, Adwords itself has gotten more expensive," Mr. Wisnefski said. "A percentage of ad budgets have begun to shift over to other platforms like Facebook, Instagram, Pinterest and even Bing which have all proven effective and reasonable for the time being. Twitter has not seen any of this shift.

"From the agency perspective we're not inclined to spend a whole lot of money on Twitter Ads because their ads are such a quick hit scenario that brands simply don't have the ability to either engage users or stick in people's minds given the format," he said.

"We do a lot of work on Twitter for brands that want their social media messaging managed, but Twitter does not see a dime of that. A 10,000 character limit could change that."

Social influencers

Another possible move Twitter could make would be to partner with influencers, who are becoming an increasingly important part of the mobile social marketing landscape.

"People are on Twitter to hear from the influencers they care about, so from the agency perspective the best use of

our money is to pay those influencers that users are already engaged with to promote a particular brand," Mr. Wisniewski said. "Twitter doesn't seem a dime of that money either.

"It could be a challenging proposition, but one worth looking into where Twitter injects themselves into that revenue chain by more or less partnering with their biggest influencers to promote brands," he said.

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