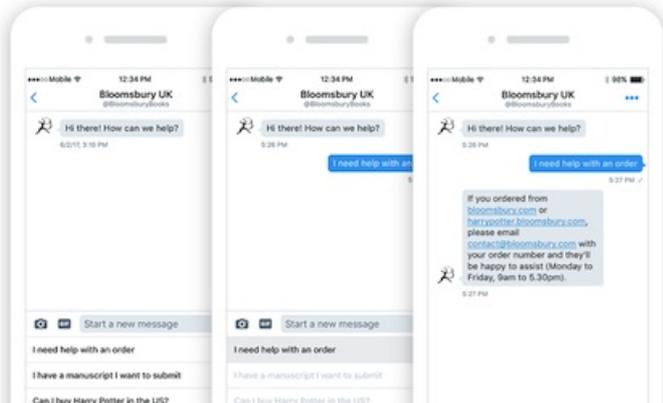


MARKETING

Despite brands flocking to Instagram, Twitter sees 75pc ad engagement increase

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Chatbots, live video and more have all driven engagement in Twitter ads. Image credit: Twitter

By STAFF REPORTS

While Instagram may be the most popular social media platform for luxury brands, Twitter has steadily increased the capabilities for its brand partners to engage with customers, leading to higher advertising revenue and engagement in the fourth quarter of 2017.

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Twitter reports in its Q4 letter to investors that ad engagement was up 75 percent year-over-year from the previous quarter. This can be attributed primarily to the aggressive changes Twitter has made to its platform, including livestreaming and other ad products, which have afforded more opportunities for brands to engage with customers.

Ad engagement

Over the past year, Twitter's ad revenue was down, due to a combination of numerous controversies along with competition from platforms such as Instagram and Snapchat.

But over the last three quarters, the platform's ad revenue slowly clawed its way back. From an 8 percent loss in Q1 of 2017, to a 5 percent loss in Q2 and a 4 percent loss in Q3.

The fourth quarter finally saw the platform back on the upswing with a 2 percent growth in total revenue.

Q4 2017 Overview

Revenue+

\$Millions

- Data licensing and other revenue
- Advertising revenue



Net Income (Loss)

\$Millions

- GAAP Net Income (Loss)
- Non-GAAP Net Income*



Twitter's ad revenue has slowly grown in the past year. Image credit: Twitter

Twitter also reported clickthrough rates increasing while cost-per-engagement a metric that brands pay close attention to when determining how valuable a platform is declined by 42 percent, meaning advertisers are getting more bang for their buck when advertising on Twitter.

Twitter attributes much of this success to its investment in video, a popular format in social media advertising. Both static video and live video saw large boosts in ad engagement for Twitter's brand partners, signifying that video is an effective strategy for engaging with Twitter's users.

Instagram competition

Over the past year, Twitter has introduced a number of new features specifically to help brands engage with

customers.

For example, in June, Twitter released a bot builder that brands such as idea sharing platform Evernote and the United Kingdom's Monarch Airlines are using to answer customer questions. Through direct messaging on Twitter, these bots will help answer these issues and direct the query to the correct department ([see story](#)).

Longer tweets, view counts on videos and a more streamlined tweet promotion process have also entered into Twitter's brand partners' arsenals as ways of building better relationships with customers.

While often overlooked, Twitter can be a valuable tool for luxury brands.

For example, Tribe Dynamics' Earned Media Value Report from January quantifies both the amount of publicity brands receive through digital media and engagement levels surrounding posts by influencers, brands, retailers and publications. Among luxury labels, Gucci topped the list for the engagement it gets out of customers from Twitter ([see story](#)).



Gucci is one brand that has taken advantage of Twitter's ad tools. Image credit: Gucci

Other brands have had success by encouraging users to share their experiences with the brand on Twitter. The Ritz-Carlton Hotel Company used such a tactic with its latest campaign, which encourages users to share memories of the hotel with a sponsored hashtag.

The #RC Memories initiative sees the hotel chain bringing in collaborators and guests from across the world to all of its locations in an attempt to create unique, exciting experiences for customers, who will share those experiences online. In this way, The Ritz-Carlton is hoping to create a self-perpetuating marketing model in which one customer's experience serves as advertising to bring in more customers ([see story](#)).

Despite the increasingly attractive Instagram hogging much of the attention of brands these days, Twitter's improved ad revenue and engagement should be enough for luxury brands to not completely abandon the platform yet in their pursuit of creating a dialogue with consumers over social media.

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