I have more than a thousand friends, I can tell you what Shaquille O’Neal and Paris Hilton are thinking right now and I got my last job without having applied for it. No, I’m not a celebrity or a multi-millionaire. I’m a citizen of the newly ‘flattened’ world and an avid user of social networking sites (SNSs). SNSs such as Facebook, LinkedIn and Twitter are rewriting the way individuals communicate and express themselves. With the help of Web 2.0 tools such as blogs, wikis, mashups and other social websites, new and creative ways of communicating are being developed that transgress geographic and cultural boundaries.

Social networking sites have been defined as web-based services that allow individuals to construct public or semi-public profiles within a bounded system, to articulate a list of other users with whom they share a connection and to view and traverse their list of connections and those made by others within the system. Aided by the proliferation of portable web-enabled devices, by the erosion of the traditional concept of office hours and by an increase in working from home, these SNSs are having a major impact on business networking, marketing, human resources, customer relations and even employee motivation and loyalty.

Since the advent of SNSs, most research has concentrated on defining what they are, how they are structured and why they exist. Very little has focused on analysing specific social networking sites and discussing their possible impacts on organisations. The purpose here is to do just that in relation to Twitter, which has garnered a great deal of attention in the popular media. Twitter's phenomenal growth since it first appeared suggests that it has the potential to make a huge impact on organisations worldwide.

The Twitter Phenomenon

Twitter is a micro-blogging website that encourages users to answer a simple question: “What is happening?” It then gives users the ability to respond to that question through a variety of mediums - short messaging system (SMS), mobile phones and computers. It also enforces a 140 character limit on messages which ensures that all communication activity is short and sharp. Twitter users (‘tweeters’) are required to sign up with unique usernames. They then have the ability to post short messages (‘tweets’) at their leisure. Tweeters are also allowed to keep track of other individuals they might be interested in. This is referred to as ‘following’. By default, Twitter messages are public and can be viewed by everyone. Also, due to the uni-directed mode of communication, tweeters have the ability to follow any user but the user is under no obligation to return the favour.

Twitter differs from traditional SNSs such as Facebook and LinkedIn in three important ways. First, unlike Facebook and LinkedIn, users have ‘followers’ on Twitter, not ‘friends’. This is a critical difference because, as has been mentioned, tweeters are allowed to ‘follow’ anyone they like. There is no approval process, as there is in Facebook, where users may reject people they don’t know or don’t like. While at first Twitter functions very much like traditional SNSs – close friends and family start following tweets online – gradually, complete strangers may also join a list purely because they like the content that is being tweeting about. This leads to the second difference. Tweeters follow other tweeters because they like the content of the tweets, not necessarily because they know the individual on a personal or professional level – in other words, with Twitter, connections are based on content rather than relationships. This is because, by default, all content in the Twitter universe is public. As a result, tweets are searchable and tweeters can easily be found in relation to a
particular topic of interest. More importantly, the concept of re-tweeting (similar to forwarding) is common and messages circulate with surprising speed.

Twitter has grown immensely over the past four years. It now has 106 million registered users who collectively post some 65 million tweets every 24 hours and it is growing at a rate of 300,000 new users every day. This phenomenal growth has attracted a great deal of attention worldwide from organisations interested in the marketing potential and prospective customer base it represents. Twitter has also been embraced by news organisations and government services to send and receive updates during emergencies and natural disasters.

**Theoretical Underpinning**

A number of researchers have discussed the idea of networks as characterised by an almost unlimited number of established and potential linkages between nodes or ‘actors’. In relation to Twitter the linkage effect is obvious and potent – the ability for individuals to be brought into contact with other individuals, groups and organizations and vice versa is immense. This fits well with Stanford University sociologist Mark Granovetter’s theory of ‘the strength of weak ties’, in which he argues that novel information almost always travels more effectively through weak ties rather than strong ones. Granovetter classifies weak ties as those that are characterised by occasional contact and a lack of emotional bonding – for example a colleague met at a yearly conference – and strong ties as those between close friends and family. This is because we are more likely to already be familiar with the ideas of people in our clique.

As has been said, connections in Twitter tend to be content-centric and not relationship-centric and tweeters can start following the tweets of another individual even if they have no personal connection with them. This can arguably be classified as a weak tie and thus more conducive to the dissipation of information across geographic, cultural and temporal boundaries.

Burt (1992) stresses that it isn’t the quality of the tie that matters but the way in which different networks are bridged. He emphasises that individuals with ties into a number of sectors will enjoy an advantage over others as they become the only route through which knowledge or novel information can flow from one sector to another. Not only do such connections – Burt calls them ‘structural holes’ – provide those individuals with some benefits but they also give them a certain amount of control in negotiating relationships between two individuals belonging to different sectors. George Simmel’s concept of tertius gaudens (it describes a third person who benefits from the disunion of two) suggests that Twitter has immense potential to help fill some of these structural holes and provide a service that is currently unavailable. The two most obvious areas of impact are marketing and finance.

**Twitter’s Impact on Global Organisations Marketing**

Collaboration and community are the main pillars of SNSs such as Facebook, LinkedIn and Twitter. With the advent of ubiquitous online access these SNSs have been able to provide a level of connectivity unachievable by any other means. This is particularly useful in the realm of marketing and branding. Platforms such as Twitter allow individuals to express themselves openly in the public domain and they provide users with channels to voice views which, once posted, remain on the internet forever. This has implications for organisations concerned about brand management. Research has shown that when it comes to brand perception, consumers trust not only the words of those in their immediate circle but also of outsiders, such as online reviewers and columnists. Thus, a user tweeting his or her frustrations with a certain product has the potential to greatly affect the decision of another individual who may be contemplating a similar purchase. Due to the weak ties created online, this news may quickly spread to others interested in the same product, even if they do not live in the same country.

Australian media strategy company SHIFT Interactive found that some 180 airlines around the world had Twitter accounts, and that a majority used micro-blogging to interact with customers. One of the best examples of the influence of Twitter occurred when David Parks, a victim of a missed connecting flight, tweeted his frustration online. Within hours of his posts, an airline staffer picked up his message and began corresponding via Twitter. A short time later, Parks was on his way. The experience prompted a change of heart from Parks, who has since praised the airline to his 30,000 or more followers on Twitter. Many other major organisations, including Starbucks and Dell, also use Twitter to market their brands.

This early wave of activity on Twitter makes it clear that micro-blogging has huge marketing potential. However, the best may be yet to come. Here are some ways Twitter may revolutionise marketing:

- **Location-based Advertising:** ‘Location-based advertising’ refers to the concept of exposing users to advertising media based on their location. While the concept isn’t particularly new, the ubiquity of mobile phones with GPS functionality has lent a new meaning to term ‘real-time marketing’. Consider this example: a tweeter visits his or her local shopping mall on the weekend and sends a ‘tweet’ asking for recommendations on the best restaurant in the foodcourt. Almost immediately suggestions pour in, along with a tweet from a nearby pizza place with a coupon enticing the tweeter to buy a small pizza and get a free drink. A more sophisticated platform might even remember that every morning a user went for a run and passed a Starbucks on the way back. The store could ‘tweet’ the user with a coupon or a special offer on the launch of a new caramel-flavoured coffee.

- **Guerrilla Marketing:** ‘Guerrilla marketing’ is defined as an activity that uses non-traditional media for the purpose of marketing. It is also known as stealth advertising or grassroots marketing. Guerrilla marketing campaigns generally catch potential prospects by surprise, resulting in a high rate of impact and retention. Over the years the technique has gained popularity and has generated a lot of discussion globally. However, Twitter has the potential to enhance traditional media and create a new form of interactive advertising. For example, billboards could display constantly updated tweets to generate

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Vol 13 No 1 2011
buzz around certain products. The Ministry of Health, for example, could set up a billboard with the words ‘No Violence’ and programme it to light-up every time the word violence was tweeted anywhere in the world.

Finance

Micropayments are defined as transactions involving very small amounts, usually below $10, in situations where conventional means of collection is impractical or expensive. They are a means by which content can be provided or sold using a pay-per-view model and they allow merchants to collect money for services that might otherwise need to be given away. Websites such as Twitpay and Twollars are hoping to ride on Twitter’s exponentially growing fanbase to do exactly that. TwitPay allows users to transfer small sums of money among themselves. It also runs a service called ‘RT2Give’ which offers not-for-profit organisations a means to raise funds through Twitter. Twollars lets users donate money to charities with no transactional costs to the donor.

Twitter is also making headway in the stock market. StockTwits calls itself “a community-powered information service for investments”. The website allows tweeters to openly share information regarding particular stocks and to offer advice to other members. StockTwits even has a sophisticated search mechanism that allows users to search for all tweets related to a specific stock. While such efforts are commendable, they are merely a precursor of the real power of Twitter.

Here is what the future may hold:

- Micropayments: Once micropayment vendors become profitable on Twitter, it is likely that they will expand their reach. A study by the Hong Kong City University found that its library was making substantial losses when trying to collect overdue fines by conventional means. Investigators realised that the fines (often below $10) were micropayments and that an automated system could be best suited to collect them. Twitter could easily fill this gap. Given the site’s young user base, it is likely that many students are already avid tweeters, in which case the process of paying fines could be automated very quickly. Micropayments might also aid the ailing newspaper industry. With traditional media in decline, a micropayment model could help newspaper companies adopt a pay-per-view model. This would be easier than persuading them to buy traditional subscriptions.

- High-Frequency Trading: High-frequency trading, also known as Algorithmic Trading, is the process by which computers observe market data and directly place orders within milliseconds. Algorithms are now able to interpret economic data and generate orders before analysts have had a chance to read the first line. Twitter is likely to have a significant impact in this arena for several reasons. First, Twitter’s socially-generated content has the ability to disseminate information ahead of conventional media. For example, news of the Hudson River crash was first reported on Twitter, 11 minutes before the first conventional news media reported it. Second, Twitter has announced changes to its platform that would allow search engines such as Google and Bing to search tweets for keywords. These two seemingly unrelated developments have the potential to impact the high-frequency trading industry in a unique way, by giving banks the ability to scan tweets for news that has not been reported by traditional media and to adjust their investment strategies accordingly. High-frequency trading platforms, which trade in the milliseconds, would therefore have a head start over traditional investors.

Conclusion

It is evident that SNSs such as Twitter are changing the way people communicate and interact. They have empowered us with the ability to express ourselves and to have our voices heard even from the remotest corners of the world. Their increasing global uptake and usage suggests that organisations need to understand and embrace them. For many organisations this will require a fundamental shift as SNSs become increasingly pervasive and the boundaries between professional and personal lives blur. Twitter has a growing user base and unique attributes that set it apart from other, more established, social networking sites. These attributes give it the potential to significantly affect a wide range of organisational sectors and functions in a manner that many existing SNSs have not been able to. Thus, it is important that organisations understand Twitter and begin devising strategies to harness it to grow their business.

References


