

**The use and potential of Twitter and micro-blogging for marketing strategy:
A qualitative case study approach**

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by

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Abstract

Micro-blogging applications in general and Twitter in particular have received increasing attention among consumers and companies in recent months. Based on a qualitative case study approach we analyze how five leading firms (i.e. Google, Whole Foods Market, Zappos.com, JetBlue Airways and Dell) rely on Twitter in their marketing strategy. We show that companies can and do use Twitter for all three stages of the marketing process: pre-purchase (i.e. marketing research), purchase (i.e. marketing communications, esp. sales promotions) and post-purchase (i.e. customer services/ complaint management). We then discuss a series of watch-outs and potential dangers that firms should be aware of when using Twitter before presenting several areas of future research with particular importance and appeal in the domain of micro-blogging.

Keywords: Social media, Blogs, Micro-blogging, Twitter

The birds are tweeting – and so am I:
An essay on the use and potential of Twitter and micro-blogging

The Hare and the Hedgehog – When Twitter’s “already here”

One June 25th 2009 the world stood still for a split second when word spread that the “King of Pop”, Michael Jackson, might have died from cardiac arrest while preparing for his upcoming “This is It” concert tour. Naturally, people rushed to Google to verify whether this rumor was correct and, to their big surprise, found – nothing! The algorithms of the US-based search engine giant interpreted the flood of searches for the same keyword as a brute force attack and blocked the requests according to standard protocols. Soon, however, Google realized that this might not have been the best solution and tried to solve the issue. Now, the search engine reported correctly that indeed Michael Jackson had died – on August 30th 2007, roughly two years earlier, making reference to a British author of the same name. Only several hours later the more relevant and accurate information of the singer’s death appeared on Google as expected. At the same time, however, the micro-blogging application Twitter was full of posts discussing the death of the US pop star only hours after it had actually happened. According to the tracking tool “Twist”, 30% of all messages exchanged on Twitter on June 25th dealt with this subject. But Twitter is not only used for trivialities and to exchange recent Yellow Press news. Only one week earlier, one June 16th 2009, authorities in Iran decided to cut off the Persian-language BBC site, block Facebook and YouTube and shut-down text messages to keep exchanges about the much disputed presidential election at a minimum. Yet, they forgot about Twitter where subsequently hundreds of photos of demonstrations and protesters were exchanged within Iran and beyond. The resulting traffic was so important that Twitter even decided to reschedule a long-planned maintenance shut-down in order to allow access to the application which suddenly had become one of the most important communication tools in Iran.

These examples illustrate the huge popularity and potential of an application that many of us may have barely heard of before – Twitter. Twitter is part of the larger group of Internet-based applications called “Social Media”, that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content (Kaplan and Haenlein 2010). Different to other applications that belong to the same category, such the content

community YouTube or the collaborative project Wikipedia, Twitter is limited to the exchange of short text-based messages (referred to as “tweets”) of only 140 characters in length using either an Internet-based or SMS-based platform. This makes Twitter part of the larger group of micro-blogging applications that also includes sites such as the US-based Plurk or Tumblr or the Finnish Jaiku. In comparison to similar functionalities, such as the Facebook status updates, that are often included in social networking sites and that are used to exchange messages between friends, tweets are public by default and can therefore be read and commented on by everyone, unless the author blocks a specific person explicitly. Readers may decide to become a “follower” of one or various authors, which implies that these authors tweets appear on the follower’s Twitter main page. The average Twitter users appears to follow around a dozen of other users, although no official statistics do exist, but celebrities such as the American actor Ashton Kutcher tend to have more than three million followers. Although tweets are very brief by nature and often describe mere trivialities (“Just went to the supermarket since there’s no milk in the house and James got upset about it”) Twitter satisfies its users’ needs for ambient awareness since the individual pieces of information, insignificant on their own, form a surprisingly sophisticated picture of the other person over time – just like thousand colored dots can form a pointillist painting.

Although only three years old, Twitter has become a major player in the social media industry. Unique visitors have increased fourteen-fold from 475,000 in February 2008 to 7 million in February 2009 and companies such as Facebook and Google have been rumored to be in talks for taking over Twitter and offering up to US\$ 500 million. Despite what one might expect, Twitter users are not primarily teens or college students but in majority between 35 and 49 years old. In the last quarter of 2008, 812,000 unique users sent or received Twitter text messages from AT&T or Verizon cell phones in the US, leading to an average of nearly 240 tweets per person for the quarter or 2.5 tweets per day. While traditional search engine systems build on the slow and anonymous accumulation of authority, for example by rating pages higher depending on the number of other pages that link to them (Katona and Sarvary 2008), they often fall short when the focus is to find out what people are saying right now, in this very moment – as in the aforementioned example of Michael Jackson. There were, for example, 35,000 tweets per hour or about 10 per second containing the word “Obama”, during the US president’s

inauguration speech.¹ This specific focus on up-to-date information has also resulted in the fact that more and more companies are starting to use Twitter as a contact channel. Firms like the Texas-based food grocer Whole Foods Market, the e-Commerce company Zappos, the American low-cost airline Jet Blue Airways and the computer manufacturer Dell have their own twitter channels which are followed by thousands of clients and used for marketing research, communication and customer services. In the following we will analyze in detail how firms can rely on Twitter during their marketing strategy and, in particular, which mistakes they should avoid when deciding to enter this new form of marketing channel.

Use and potential of Twitter as a marketing channel

In order to identify the different ways in which companies can use micro-blogging applications in general and Twitter in particular to support their marketing strategy, we opted for a qualitative methodology, specifically a case study approach (Eisenhardt 1989). We started with a ranking of the 100 largest Twitter accounts based on total number of followers as published by Twitterholic.com². Removal of all accounts that (a) did not represent corporations but individuals (e.g. Ashton Kutcher, Ellen DeGeneres, Britney Spears), (b) corresponded to traditional media companies which use Twitter mainly as a news ticker (e.g. CNN, New York Times, Time Magazine) and (c) were maintained by non-profit organizations (e.g. the World Economic Forum), resulted in a total of five companies which we analyzed in more detail: Google (#25), Whole Foods Market (#41), Zappos.com (#49), JetBlue Airways (#67), Dell (#81).³ For each of these companies we performed a detailed press search using the Dow Jones Factiva database to identify official press announcements about the use and benefits of Twitter. This information was complemented by postings appearing on corporate blogs as well as the actual Twitter messages sent out by these corporations. Our analysis indicates that companies can and do use Twitter for all three stages of the marketing process: pre-purchase (i.e. marketing research), purchase (i.e. marketing communications, esp. sales promotions) and post-purchase (i.e. customer services/ complaint management). We will now discuss each of these areas in more detail.

Pre-purchase – Marketing research

¹ See <http://projects.flowingdata.com/inauguration/> for a graphical visualization of all Twitter posts that included “inauguration” with a “positive attitude” on January 19th 2009

² See <http://twitterholic.com/>

³ We excluded Twitter itself (#5) for obvious reasons.

One obvious way of using Twitter is simply to lay back and read what your clients have to say about you and your products. No other channel gives firms access to such a multitude of different customer comments at real time and zero cost. All five firms we analyzed have more than one million Twitter followers who generate dozens of different tweets per day to be analyzed. Historically, marketing researchers have always struggled to integrate customers into the new product development process although the ideas of customer knowledge as source of competitive advantage and seeing the customer as a co-producer have become more and more prominent in academic literature (Vargo and Lusch 2004). Approaches such as lead user analysis (Urban and von Hippel 1988), mass customization (Kaplan and Haenlein 2006) and toolkits for user innovation (von Hippel and Katz 2002) have been discussed regularly, but their implementation comes with a specific set of challenges leading to the fact that they are still only rarely used by companies. Social media in general and Twitter in particular provide the potential to obtain customer feedback easily and to ensure product innovativeness while at the same time avoiding unacceptable increases in time-to-market (Fang 2008). In terms of marketing research, Twitter has therefore the potential to take netnography, i.e. ethnography adapted to the study of online communities (Kozinets 2002), to the next level as it does not rely on the analysis of traditional newsgroups that summarize conversations and comments building up over time but instead allows to investigate what customers are talking about in this very moment.

A good example for how this approach can be implemented in real life is the computer manufacturer Dell. By systematically analyzing what its customers talked about using Twitter, Dell realized that the apostrophe and return keys were too close together on the Dell Inspiron Mini 9 laptop, a new type of netbook launched in September 2008. Dell subsequently addressed this problem, which would potentially have never come up using more traditional marketing research techniques, in the design of the Dell Inspiron Mini 10, launched in February 2009. According to Richard Binhammer, the person behind Dell's social media strategy, Twitter provides a unique forum to hear what customers have to say and to fix customer problems – free of the accusation of digital assault often associated with other types of unsolicited company-customer communication such as phone calls or e-Mail spam.

Now Dell is even starting to use Twitter more proactively by explicitly asking its followers to suggest ideas for its next generation of computers – a strategy very similar to how

the coffeehouse chain Starbucks (ranked #278 on Twitterholic.com) relies on Twitter for marketing research. Twitter member since August 2008, Starbucks today counts roughly 300,000 followers. It regularly sends out tweets on its main Twitter channel to encourage its Twitter friends to visit the “My Starbucks Idea” webpage and even maintains a separate “My Starbucks Idea” Twitter channel uniquely dedicated to this subject. On this Internet site users can propose modifications in the company’s product and service offering, such as introducing a “frequent drinker card”, using coupons with “inspirational quotes” or offering incentives to bring reusable recipients. Once online, other users can read the idea and vote in favor or against it. The most popular suggestions are subsequently implemented by Starbucks. Service innovations like offering a free birthday beverage for all registered cardholders or increasing store density in the Netherlands have been claimed to stem directly from the “My Starbucks Idea” initiative.

Purchase – Marketing communications/ Sales promotions

Another form of using micro-blogging is to tweet out advertising and other brand enforcing messages, esp. the ones that need to be acted upon rapidly, such as the announcement of sales promotions. All five companies we analyzed are relying on Twitter in this manner one way or another. Google’s first tweet, sent out on February 25th 2009, was “I’m feeling lucky” in binary ASCII format.⁴ Today the company maintains separate channels for all of its major products (e.g. iGoogle, Google Calendar, Google Reader) to update its followers about new developments. It equally relies on Twitter as a news ticker for its Google News product, providing direct links to stories in over 25,000 news sources. Whole Foods Market uses Twitter to broadcast information about special promotions, product recalls or health tips like “We love green – do you?” (tweeted on January 21st 2009), which link to stories on the Whole Foods blog about the best vegetables to eat and buy in the winter season. It also connects to its customers by awarding the “Tweet of the Day” four times a week (the best tweet made about Whole Foods on any given day receives a \$25 gift card) or organizing contests such as encouraging them to tweet out their “five word food philosophies” and awarding the ten most creative posts a \$50 voucher plus five pounds of quinoa. These activities are complemented by a series of thematic channels (e.g. Whole Recipes, WFM Cheese), regional accounts (e.g. Whole Foods New York City,

⁴ Tm 01100110 01100101 01100101 01101100 01101001 01101110 01100111 00100000 01101100 01110101 01100011 01101011 01111001 00001010

Whole Foods Houston) and separate Twitter feeds maintained by over 100 local Whole Foods stores.

Jet Blue Airways and Dell have a more bottom-line oriented approach with respect to their micro-blogging activities and use Twitter as a new form of sales and distribution channel. Every Monday morning Jet Blue sends out its weekly “cheeps”, i.e. tweets about special promotions on available seats in flights on the following weekend that usually expire at the end of the day (“\$29 JFK to JAX o/w this Sat. 25 seats avail or till 6pm ET”). According to Morgan Johnston, manager of corporate communications at JetBlue, cheeps, in addition to filling empty seats, are a great tool to introduce new customers to the airline. In a similar spirit, Dell uses Twitter as a way to distribute coupons and information on clearance events and new arrivals for its Dell Outlet, where deal hunters can find Dell technology at a discounted price. As highlighted by Lionel Menchaca, digital media manager for Dell's corporate blog, given that Dell Outlet sells refurbished Dell products, inventories fluctuate heavily which makes it difficult to predict which products are available on sale when and therefore lends itself perfectly to communication using Twitter. When counting sales that originate from Twitter on Dell Outlet and Dell.com, Dell claims to have generated more than \$3 million in revenue from micro-blogging alone.

Yet, Twitter is not only suited to communicate externally with potential or current customers, but also internally with one's employees. At the online retailer Zappos.com every new recruit is asked to start a Twitter account and to post messages several times during the initial training session. According to Tony Hsieh, CEO of Zappos and a big Twitter fan himself, this is to make employees understand that everyone in the company can act as a spokesperson for the company, not just himself and his PR team. Hsieh even wrote a “Beginner's quick start guide and tutorial to using Twitter”, published on the company's webpage, stating that “it's going to seem a little weird at first, but I promise you if you can talk your friends into joining it and you all use it for 2 weeks, it will change your life. You will wonder how you ever lived without it.”⁵

Post-purchase – Customer services/ Complaint management

Finally, firms can rely on Twitter to improve their customer service and complaint management process. The power of Word-of-Mouth (WoM) has been discussed widely and

⁵ See <http://twitter.zappos.com/start>

regularly in the marketing literature. While research has shown the desirable effects of positive WoM (Reichheld 2003), it has also underlined the devastating impact that negative customer comments can have on a company (Goldenberg et al. 2007; Richins 1983). Firms should therefore manage dissatisfied and complaining customers rapidly and professionally in order to avoid that issues grow out of proportion and evolve into organized forms of customer protest such as consumer boycotts (Garrett 1987) or complaint web sites (Ward and Ostrom 2006). We observe that three of the five companies we analyzed (Whole Foods Market, JetBlue Airways and Dell) use Twitter and micro-blogging in this specific way.

According to Slaton Carter, online community development manager at Whole Foods, the grocer analyzes Twitter daily to identify issues and negative comments raised by its customers. Followers can send out questions about Whole Foods or the company's products using Twitter which will be answered within a 24-hour time limit. Alternatively, if some clients are, for example, referring to Whole Foods as "Whole Paycheck", a widely used nickname for the company that makes reference to the firm's upscale positioning and high prices, Carter tries to engage in a conversation with them to better understand the underlying concerns resulting in the negative impression. In a very similar way JetBlue airways systematically monitors and scans Twitter to identify customers who might need proactive management and additional information on flight delays or cancellations. Tony Wagner, a JetBlue customer, for example tweeted his request to be able to sit with his wife and 2-year old daughter on flight to San Francisco which customer services was unable to fulfill ("Advice to get both parents and 2 yr old seated next to each other on flight later today? Right now only one parent. Full flight."). 20 minutes later JetBlue sent him a note asking for additional details and subsequently flagged his ticket as a priority concern.⁶ Another client, Jonathan Fields, sent out a tweet to share his fascination about being on the same flight as the Canadian actor and novelist William Shatner ("JetBlue terminal. William Shatner waiting in pinstripe suite and shades to board flight to Burbank. Why's he flying JetBlue? Free, maybe?"). Immediately, JetBlue became one of William's followers and engaged in a conversation with him.⁷

⁶ For more details see <http://boardingarea.com/blogs/pointswizard/2009/07/04/twitter-helps-travelers/>

⁷ For more details see <http://www.jonathanfields.com/blog/jetblue-twitter-customer-service-or-to-spy/>

Also the computer manufacturer Dell maintains over 80 separate branded Twitter accounts. Most of them are private (i.e. by invitation only) and used for customer service exchanges that require direct and personalized messages that cannot be exchanged using Dell's public channel. The company started its Twitter activities in 2007 and now has a global team of 40 employees exclusively devoted to manage the company's Twitter accounts. To this adds another 200 who regularly use these accounts for conversations with Dell customers. At the coffeehouse chain Starbucks, Brad Nelson, the principal tweeter for the company's Twitter account, summarizes his main lessons in the following way: "Don't be afraid of unhappy customers. If you say the wrong thing, don't ignore it or cover it up, admit your mistake and move on. Don't under-estimate the goodwill that can be created by showing you're listening. But above all, stay engaged. Twitter is a commitment".⁸

Watch-outs and potential dangers when using Twitter

The aforementioned potential of Twitter along all three stages of the marketing process should not leave firms under the impression that Twitter cannot do any harm to their company image and that entering this new contact channel represents a risk-free strategy. On the contrary, when used in an inappropriate manner companies risk to see the whole power of this community fighting against them. In June 2009 the UK-based furniture retailer Habitat (ranked #789 in terms of followers according to Twitterholic.com) launched a series of tweets to inform its followers about new products available in its stores in order to increase traffic on its internet site. To heighten awareness for their messages, the company tagged its tweets with keywords related to the Iranian presidential election – one of the hottest topics at Twitter at that time. Soon, however, Habitat's followers realized the betrayal and consequently criticized the firm heavily for spamming Twitter in an attempt to boost their profile. Although Habitat posted an official apology on Twitter one June 24th ("We've been listening and we know 140 characters aren't enough for a full apology, please follow this link ...") and blamed an "overenthusiastic intern" for the issue, the company has not used Twitter actively since then.

In a similar spirit, Whole Foods Market had to learn the hard way that it may be possible to be too casual with one's followers, especially if one represents an upscale brand. In late August 2008 an official spokesperson of the Texas-based foods grocer tweeted "Oh my f'ing

⁸ See <http://www.mad.co.uk/Main/Home/Articlex/058433c8ce4d495f980f58e10da73f37/Joining-the-chatter.html>

gawd: Whole Foods has Hatch Chiles. From NM. On sale. Apparently I have died, but am not as evil as I thought". This message created a huge outrage and discussion about the use of appropriate and inoffensive language in social media, esp. if the message sender is not an individual speaking to a group of other individuals but a corporation communicating with its customers. Although Whole Foods tried to proactively manage the issue by sending out a reply message on August 31st asking its customers whether they actually were offended by this post ("Our TOTD had "fing" in it, not the swear word. Did you find it offensive? Twitterverse, what say you?"), discussions did not stop and the Whole Foods case became the key topic at the kick-off meeting of the Social Media Club Miami on September 3rd.

But even if companies do use the medium in the best of intentions, they cannot always avoid that consumer activists and boycotters of their products piggy-back on their campaigns. In May 2009 Starbucks collaborated with the advertising agency BBDO to launch its "Outdoor activity" campaign. This campaign intended to encourage Starbucks' Twitter followers and Facebook fans to take pictures of themselves in front of the company's new billboards and to subsequently post them online. The best pictures would receive one of five pre-loaded Starbucks Gold Cards, entitling the winners to free coffee consumption, special discounts and a series of other rewards. Yet, the film producer and political activist Robert Greenwald saw this campaign as an opportunity to promote his latest documentary movie showing unfair labour practices at Starbucks and encouraged customers to take photos of themselves in front of Starbucks stores holding signs criticizing the company's practices instead. These photos were subsequently posted on Twitter using the same identifiers (or "hashtags") that Starbucks used for its own campaign. Many customers responded to Greenwald's calling and soon about half of the photos distributed on Twitter were in a sense very different to the one Starbucks initially intended them to be.

And so it happened that the hedgehog ran the hare to death ...

In their July 2008 report "Hype Cycle for Emerging Technologies, 2008" the market research firm Gartner predicted that micro-blogging applications such as Twitter will increase in importance over the next two to five years, together with technologies such as Green IT, Cloud computing and high-end videoconferencing systems. Many firms have already realized and responded to this evolution. The US electronics retailer Best Buy, for example, recently advertised a new position for a senior manager in emerging media where one requirement was to

have at least 200 Twitter followers. Similarly, the restaurant chain “Pizza Hut” looked for candidates to fill the position of a new “twintern”, i.e. a summer intern whose main job it would be to tweet about the company, and received over 400 applications for the job. We hope that our analysis has helped to show that such reactions are not merely driven by the hype and genuine interest often associated with new media and new forms of communication, but that micro-blogging and Twitter can create tangible benefits for firms across all stages of the marketing process. Although the use of Twitter does not come without risks and pitfalls, it seems likely that micro-blogging will become one central part of the new category of Social Media, just like Wikipedia and YouTube did several years ago.

Nevertheless, Twitter is still in its infancy and many questions need to be answered before we fully understand this new medium. Based on our research, we see at least three different areas to focus on. The first open question is the issue of privacy. How can companies best make use of Twitter without giving the impression that they monitor all their customers and try to “brainwash” those who might hold a negative opinion about the company? The second open point is whether corporate Twitter channels should be owned by the company itself (as for example done by Dell or Starbucks) or be associated with the name of one prominent individual, as done by JetBlue where David Neeleman, the company’s founder and CEO, tweets out all messages himself. Finally it would be interesting to analyze how Twitter can be integrated into an overall (social) media strategy. While having some inherent advantages, Twitter suffers from the limitation of being restricted to 140 signs. Whether it might be more beneficial to keep Twitter as a separate channel or to consider it as a tool to drive traffic to other means of communication (e.g. corporate website or blog) is still an unclear issue. But one thing appears certain: Firms who decide to not even consider using Twitter in their marketing strategy, might find themselves in the same position as the hare and the end of the race with the couple of hedgehogs – dead on the ground!

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