Twitter strategic analysis

Twitter Inc

Introduction about Company: Twitter is one of the foremost social networking service which is engage in facilitating it's millions of users to send and receive short messages of about 140 characters called ''tweets''.

Users which are registered are entitled to reading and posting of tweets, however users which are unregistered are only able to read the tweets. Users can have the twitter access either through the website interface, mobile app or SMS. The Head quarter of Twitter Inc. lies in San Francisco and holds about more than 25 registered offices worldwide.

Jack Dorsey, Biz Stone, Noah Glass and Evan Williams are the key persons which perform the creation of Twitter in March 2006 and it's launching by July 2006. Soon after the launch, global popularity and recognition was achieved by this newly introduced service at a high pace. In the year 2012, above 100 million users posted about 340 million tweets per day. About 1. 6 billion queries per day have also been handled by this service. For the year 2013, Twitter was declared one of the most visited websites. Also was pronounced to be ''the SMS of the Internet''. Up to the latest period of December 2014, more than 500 million users have been listed in the Twitter's user directory, within which about 284 million are active.

Introduction about Industry: 300 words

About 10 years ago the Industry of Social media was introduce to the world, when chat messengers launch the service of communication and content sharing for the public covered on the internet with each other. The largest

US-based social media industry is mainly dominated by Twitter, Facebook and LinkedIn. Other i. e. Non-US based performers who have a giant user directory include China-based SINA Corp. (SINA) and TENCENT HOLDINGS ADR (TCEHY) and Russian based social networking site called Vkontakte. Almost all the social networking industry players are still very fresh; however, a few of stylized facts pertaining to these industry players appear to have surfaced in the few preceding years.

Firstly, the Social networking companies seems to compete with each other to display the main contents in such a manner that will generate user interest at a high level, and consequently, result in increased user engagement. This is due to the fact that user engagement is ultimately the biggest effective source of revenue generation.

Based on relevance and engagement, user is likely to stay active on Social network platforms. Maybe this could be the reason of why Friendster and Myspace were declared to be well-liked platforms a decade ago, which afterward had to hand over their popular industry standings to the giants of modern Social giants like Twitter and Facebook.

Currently, the industry of social media is engaged in dealing in business combinations i. e. mergers and acquisitions. One the biggest acquisition in the present period is that of WhatsApp. This messaging app was acquired by Facebook for a price of $19 Billion in February 2014.

The players of Social media industry internationally are also been engaged in the acquisition, right, left and center: Rakuten, a Japanese interned giant,

acquired Viber in 2014 for $900 million. Alibaba acquired 18% shares in a china social network Weibo and about 205% share in Tango in 2014.

Competitive assets and competitive advantage of the company: 650 words

Competitive advantage is of very much critically significant for each and every business as it's what differentiates a business from your competitors. Twitter launched their business with a distinguishing strategy that compared with social network rivals i. e. Facebook, Google plus and Myspace etc. The quality of flexibility was implemented through a distinguish communication method. Twitter is the leading active mode of social networking in which users can communicate with each other without knowing themselves (Tagtmeier 2009). Actually, Twitters allows the transmission of information to users to a lot of friends as well as strangers. Whereas on the other hand provides users friends, Twitter users can be friends with each other or be a follower simply. Additionally Twitter has started effective fee for users as well as advertisers by way of ''promoted tweets'' in the year 2010. This implemented strategy was able to attract companies including virgin American, Starbucks, Bravo and Best Buy etc. to join in Twitter website (Mark & Parker 2011).

In order to be in touch with what's going on in associated customer's world, Twitter can be considered as excellent way:

- What are customer promoting's
- The support Causing
- Hosting events by customers
- Conferences the customers are attending

- Awards the customers are receiving

- Expansion and/or Hiring plans

There exist mainly two keys to develop successful strategic partnerships firstly including giving ad secondly top of mind.

Formulating a Twitter List of all the associated strategic partners can assist you in both these aspects. It will also enable you a simple way to be connected between face-to-face meetings and phone calls.

One of the prevalent topics named " Inbound marketing"; we would all appreciate to have a number of customers hammering our door. A lot of businesses are unable to meet their targeted goals with an inbound= d approach only. This could be considered correct in the initial phase of forming an inbound system. Even if a business holds a mature inbound system of marketing in position, top sales people even now like to hunt. They have in mind their " Dream 10″ or " Top 100″ aspects which they follow pro-actively.

A large number of industry experts, those who use to write books and speak at conferences, are actively available on twitter. They frequently share their current thinking's, trends, research they are viewing etc. In real time, be ''in the know'', by way of forming and monitoring a list of all of these experts.

Moreover, as a unique feature of twitter- " real time sharing", the leading advantage which set competitively Twitter distant from its major competitors concerned a large number of peoples to join. In real time manner, a user is able to share anything. Others have an option to follow this particular user if they like him and also have a number of choices to interrelate with the said

user for example ''retweet'' and ''reply'' . On the other hand, Facebook, the other social networking giant, quickly formed a new feature similar to Twitter that display friends real-time activities, which caused a major threat to Twitter. Therefore, for the purpose of grabbing a large share of market, Twitter should ensure innovation and creation of new features which are challenging for other networking sites to copy.

Analyzing the market:

For the last several years, there has been observed significant growth in the market popular social networking platforms like twitter, Facebook and LinkedIn etc., Talking about the market share of these giants of social networking, the stats are shown below which reveal that popularity and share in market for each of the giant of social networking.

Facebook	1. 19 Billion Monthly Active Users	4. 5 Billion Posts and Pages are liked each day
Twitter	400 Million Tweets per day	70% of Twitter users have at least college education
LinkedIn	238 Million users	Two new members join LinkedIn in every Two seconds
Blogger	31 million bloggers exist	About 87% of bloggers had been blogging

| | actively for at least two |
| in the US alone | years |

SWOT Analysis:

Strengths

- Easy set up

- Largepenetration or market reach

- Very useful for setting up an engagement strategy

- Active community members (willing to be the representatives of the institute)

- Build a converse and conversation with others

- Quick exchange of information

- Direct audience contact (like face-to-face)

- Allows you connect and follow with people/groups that seem interesting to you

- Cost-effective in the ways most of the networks are free. Their demand is just your time

- Human factor: Company's " brand" becomes more HUMAN

- Media exposure

- In terms of micro-messaging, Twitter is in a strong position in the market. Only real competitor here is Facebook

Weaknesses

- Existence of a lot of " Why Bother" from majority people (i. e. Facebook users)

- Needs to have more horsepower. It is down often

- Difficult to instruct or persuade group members/ management teamon the principles of social media

- Tweets are Unequal distributed. 90% of the tweets usually come from thetop 10% of the users.

- Holds low retention rate of about 40% only

- Lack of resources or tools to follow and monitor the campaign results of social media

- There is limitation of API calls. Hits App growth

- What aboutinformation leakage, liability, security, and management?

- Generally Blocked at most of work sites: management considers it drop in productivity; hits bottom line

Opportunity

- Creating/joining active presence on sites where there is no current existence of the company

- Excellent opportunity for organizations and individuals to join and exchange information

- News, events and Promotions that can be proposed by way of social media networks

- Partnerships with organizations, other groups, schools, Departments of government, etc.

- Recruitment of interested new students , members and public support

- Proposes you to form short and long term relationships with prospects

- Improves the ' brand' and formulates the process of recruitment personal

- It can acquire dominance in search engines

- Branding opportunities, Immediate delivery and increased marketing opportunities
- Allow Tweets to become " crawled by Spiders"

Threats

- Macro factors i. e. economy, will this influence your base of user?
- Competitor is following the same audience or same space with similar campaign
- Is the current campaign feasible, can it continue?
- What complications stand in the track of success and failure?
- We've all be informed of a few awkward stories about over-sharing online, and a few examples of high-profile might make people to rethink about their habits
- Got too much popularity/publicity in a very short time. May get burned out
- It is dangerously getting porn spammy/spammy
- No existence of solid revenue model (advertisements in future?)
- Paid twitter streams may hit the brand image

Top 10 Visited Multi-Platform

Social-Networking Websites &

Forums, January 2015

Rank	Website	U. S. Market Share of

		Visits
1	Facebook	55. 2%
2	YouTube	20. 7%
3	Google+	4. 01%
4	Twitter	2. 52%
5	Yahoo! Answers	1. 45%
6	LinkedIn	1. 38%
7	Pinterest	1. 12%
8	Instagram	1. 09%
9	Reedit	0. 76%
10	Tumblr	0. 70%

The table above demonstrates the percentage of visits by giants of the

Social Media Networking Industry.

Future Trends: 300 words 1) Shifting from tweeting to searching

    1. As more sign ups, the ratio of signal-to-noise is drops.

2. Progressively the only available way of finding information would be the Twitter search tool

2) Twitter wills danger Google

1. There exist many pretenders to the Google search sovereignty

2. But Twitter's offering is much more:

- Near real-time results

- Follow search topic Tweets

- Human sorted

- Twitter ' trending' topics

3) Three types of users will surface

1. Chats will continue to about what eat in lunch (' bla bla bla')

2. Strainers will use Twitter to examine the words on the ' street' and news.

3. Broadcasters will continue Tweets pumping out, perhaps losing followers beside the way.

4) Automated tools will be used to increase

1. Most tweets are links to posts and interesting articles

2. Automated tools can now perform this autonomously

3. This will ultimately erode the percentage of real interaction with followers

4. Some well-known users of Twitter are even using ' Ghost' Tweeters 5) Twitter to be news powerhouse

1. Users reported from plane crashes, natural disasters and terror attacks

2. This ' citizen journalism' has transform Twitter's value as a source of news extremely

6) Twitter will fracture

1. Twitter has many paths having the potential for future development

2. This may result into split out present functionality into paths services

3. For example: News , Search, Micro-blogging

Recommendations: 200 words after a detailed analysis of the Twitter Inc. it can be recommended that more customer specific strategies should be implemented and more customer facilitating apps and contents should be made available to users in order to maintain and flourish the existing market share at an increasing pace.

Moreover, controls and strong market watch should be made in order to have a competitive over the other giants of Social Marketing networks for purpose of ensuring survival and growth.

Conclusion: 200 words

After analyzing the company, its market share, competitive advantages, SWOT analysis and the future trend of Twitter it can be concluded that Twitter has the ability to grab the title of world's largest social networking site provided the company maintains and booms its current standing the market.

Appendixes:

1. 5 years Financial Ratios Calculations

Ratios	2014	2013	2012	2010	2011
Profitability ratios	Gross profit t margin	0. 85	0. 77	0. 84	0. 59	(1. 21)
Gross profit t margin	(0. 07)	(0. 55)	0. 16	(0. 62)	(8. 46)
Net profit t margin (or net return on sales)	(0. 41)	(0. 97)	(0. 25)	(1. 20)	(6. 32)
Return on total assets	(0. 10)	(0. 19)	(0. 09)	(0. 17)	(0. 29)
Return on stockholders' equity	(0. 16)	(0. 22)	(0. 32)	–	–
Earnings per share	(0. 91)	(1. 13)	(0. 15)	–	–
Liquidity Ratios	Current ratio	10. 80	11. 44	5. 04	12. 42	18. 63
Quick ratio	10. 80	11.	5.	12.	18.

Note: The profitability header row has columns Gross profit t margin with values 0.85, 0.77, 0.84, 0.59, (1.21)

		44	04	42	63	
Working capital		3, 862. 00	2, 350. 00	444. 00	548. 00	476. 00
Leverage Ratios	Debt-to-assets ratio	0. 02	0. 03	0. 05	0. 04	0. 03
Debt-to-equity ratio		0. 03	0. 03	0. 17	–	–
Long-term debt-to equity ratio		0. 38	–	–	–	–
Times-interest-earned (or coverage) ratio		(17. 00)	(92. 14)	(39. 50)	(115. 45)	(95. 71)
Activity Ratios	Days of inventory	–	–	–	–	–
Inventory turnover		–	–	–	–	–
Average collection period		108. 75	135. 57	128. 96	137. 74	404. 11

Other Important Measures of Financial Performance	Dividend yield on common stock	–	–	–	–	–
Price-earnings ratio	(53. 51)	(43. 01)	(334. 21)	–	–	
Dividend payout ratio	–	–	–	–	–	
Internal cash flow	(342. 82)	(531. 32)	(2. 40)	(62. 00)	(136. 00)	

2.

Financial previsions for the next 3 years based on company's objectives:

Financial Head	2, 015. 00	2, 016. 00	2, 017. 00
Sales	2, 062. 41	3, 031. 74	4, 456. 66
Profits after Taxes	(849. 40)	(1, 248. 61)	(1, 835. 46)

Total Assets	8, 207. 01	3, 366. 00	832. 00
Operating Income	(578. 00)	(645. 00)	(79. 00)
Current Liabilities	579. 18	851. 39	1, 251. 55

3. Compute the g factor and do some simulations and make recommendations

Ratios		2014	2013	2012	2010	2011
x1	Profit Margin		(0. 41)	(0. 97)	(0. 25)	(1. 20)	(2. 39)
x2	Dividend payout	–	–	–	–	–
x3	Liabilities/ Equity	0. 49	0. 08	0. 44	–	–
x4	(Assets/ Sales)*100	397. 93	506. 17	262. 46	680. 19	2, 189. 29
g Factor		61%	104%	36%	120%	239%