



TWITTER



A thesis submitted to Anglo-American University for the degree
of Bachelor in Business Administration

Fall 2019

EKATERINA BELOVA

ADVISOR: MARK WIEDORN SCHOOL OF BUSINESS ADMINISTRATION

DECLARATION

I hereby declare that no portion of the work referred to in this thesis has been submitted in support of an application for another degree, or qualification thereof, or for any other university or institute of learning.

I declare that this thesis is my independent work. All sources and literature are cited and included.

I also hereby acknowledge that my thesis will be made publicly available pursuant to Section 47b of Act No. 552/2005 Coll. and AAU's internal regulations.

Ekaterina Belova

ACKNOWLEDGEMENT

I would love to express my gratitude to my advisor, Mark Wiedorn, for his support, advice, and contribution to this paper, and to my family and friends who showed encouragement and gave me some helpful ideas.

Table of Contents

Executive Summary	6
1. Introduction	7
2. Strategic Overview	7
2.1 Brief Company Overview.....	7
2.2 Markets.....	10
2.3 Mission of the Company.....	11
2.4 Vision of the Company.....	12
2.5 Strategic overview conclusion.....	12
3. Business Model Canvas	14
3.1 Customer Segments.....	14
3.2 Value Proposition	15
3.3 Channels.....	15
3.4 Customer Relationships.....	16
3.5 Revenue Streams	16
3.6 Key Resources	17
3.7 Key Partnerships.....	17
3.8 Cost Structure.....	18
3.9 Key Activities.....	18
4. Current Activities System Map	19
4.1 Platform Management.....	20
4.2 Data management	20
4.3 Managing Relationships with Partners	22
4.4 Rebranding.....	22
4.5 Strategic Fit.....	23
4.6 Competitive Advantage.....	25
5. Current Strategy	25
6. Porter's 5 Tests of Current Strategy	27
6.1 Distinctive Value Proposition.....	27
6.2 Tailored Value Chain.....	27
6.3 Trade-Offs Different From Competitors.....	27

6.4 Fit Across The Value Chain.....	27
6.5 Continuity Over Time.....	27
6.6 Conclusion.....	28
7. Financial Analysis.....	29
7.1 Revenue Analysis	29
7.2 Operating Income or Loss Analysis.....	29
7.3 Net Income or Loss Analysis.....	30
7.4 Debt/equity ratio.....	30
7.5 Profitability Analysis.....	30
7.6 Liquidity Analysis.....	32
7.7 Stock Performance.....	32
7.8 Financial Analysis Conclusion.....	34
8. External Analysis.....	35
8.1 Industry Overview.....	35
9. Competitive Environment.....	35
9.1 Key competitors.....	36
9.1.1 Direct competitors.....	36
9.1.2 Indirect competitors.....	40
9.2 Competitive analysis.....	40
9.3 Strategic Group Map.....	42
10. Porter’s 5 Forces.....	44
10.1 Bargaining Power of Buyers.....	44
10.2 Bargaining Power of Suppliers.....	44
10.3 Threat of New Entrants.....	44
10.4 Threat of Substitution.....	44
10.5 Rivalry Among Existing Competitors.....	45
10.6 Porter’s 5 Forces Analysis Conclusion.....	45
11. Critical Success Factors.....	46
12. Core Competencies.....	47
13. Critical Success Factors And Core Competencies Conclusion.....	48
14. SWOT Analysis.....	49

14.1 Strengths.....	49
14.2 Weaknesses.....	50
14.3 Opportunities.....	51
14.4 Threats.....	52
14.5 SWOT Analysis Conclusion.....	53
15. TOWS Matrix.....	54
15.1 Strategic Alternatives.....	54
16. Current Strategy Restated.....	56
17. Strategic Question Restated.....	56
18. Recommended Strategy.....	57
18.1 Revised Mission Statement.....	58
18.2 Revised Vision Statement.....	59
18.3 Revised Value Proposition.....	59
19. Suggested Activity Map.....	60
20. Porter’s 5 Tests Comparison.....	63
20.1 Distinctive Value Proposition.....	63
20.2 Tailored Value Chain.....	63
20.3 Trade-Offs Different from Rivals.....	63
20.4 Strategic Fit.....	63
20.5 Continuity Over Time.....	63
20.6 Conclusion.....	63
21. Strategy Justification and Implementation.....	64
22. Final Conclusion.....	66
23. Appendix.....	67
24. Works Cited.....	74
25. Bibliography.....	79

Executive Summary

This paper aims to analyze — both externally and internally — the business strategy of Twitter Inc., an American social media advertising company. The analysis is needed to answer the following strategic question:

Despite having an innovative idea, Twitter was lacking in differentiation and it can be seen in their financial records. Even with increasing numbers, the company had been operating at a net loss from 2010 to 2017 (i.e. in 2015, their net loss was \$-521 million, while in 2017 it was \$-108 million¹). Due to a strong lack of differentiation, the company had been unable to grow its user count: even with monetizable Daily Active Users (further mDAUs) increased by 9%², overall growth has been slow which made Twitter fall behind other social networks. Although 2018 was the first profitable year in the company's existence, (the company made over \$2.61 billion through advertising and \$425 million through data licensing³), the company faces an unclear future.

Which strategy should Twitter implement to improve their financial situation, and have sustainable results?

The paper includes an internal analysis (of the business model, current activities, and financial performance) as well as an external analysis (which consists of the industry, its trends, and competitors). Based on that, Twitter's strengths, weaknesses, opportunities, and threats were identified, which, in turn, helped to come up with strategic alternatives and a new strategy that would help Twitter to gain competitive advantage. The recommended strategy is the following: *to grow its user base and improve brand perception by keeping a strong focus on being a responsible platform.*

¹ "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.

² Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?hpid=hp_hp-top-table-main-twitter%3Atwitter-reveals-its-daily-active-user-numbers%3Ahomepage%2Ft%3Atwitter&hpid=hp_hp-top-table-main-twitter%3Atwitter-reveals-its-daily-active-user-numbers%3Ahomepage%2Ft%3Atwitter.

³ Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

1. Introduction:

Twitter is an American company that was launched in 2006 in San Francisco with an idea of friends keeping each other updated while being in different places⁴ as sending SMS to someone else was “four times more expensive than receiving scientific data from space”⁵ at that time.

Later, the idea behind Twitter slightly changed: now, users can follow people with similar interests from all over the world (due to Twitter’s presence in most countries) and engage in conversations with strangers, not just friends. The content on the website is split into two main categories: entertainment and useful information. While regular users post stories about their lives, communicate with their friends and *mutuals* (people who follow each other) and use the media just for fun, it is the ad sellers as well as accounts of famous TV channels, organizations, and public personas that bring real value to Twitter. They post about real-time news and events, update followers about the company's changes and make the content available to the masses.

Despite having an innovative idea, Twitter was lacking in differentiation and it can be seen in their financial records. Even with increasing numbers, the company had been operating at a net loss from 2010 to 2017 (i.e. in 2015, their net loss was \$-521 million, while in 2017 it was \$-108 million⁶). Due to a strong lack of differentiation, the company had been unable to grow its user count: even with monetizable Daily Active Users (further mDAUs) increased by 9%⁷, overall growth has been slow which made Twitter fall behind other social networks. Although 2018 was the first profitable year in the company’s existence, (the company made over \$2.61 billion through advertising and \$425 million through data licensing⁸), the company faces an unclear future.

Which strategy should Twitter implement to improve their financial situation, and have sustainable results?

2. Strategic Overview

2.1 Brief Company overview

⁴ Miller, Claire Cain. “Why Twitter's C.E.O. Demoted Himself.” *The New York Times*, The New York Times, 30 Oct. 2010, <https://www.nytimes.com/2010/10/31/technology/31ev.html>.

⁵ staff, Science X. “Space Scientist Says Texting Is Four Times More Expensive than Receiving Scientific Data from Space.” *Phys.org*, Phys.org, 12 May 2008, <https://phys.org/news/2008-05-space-scientist-texting-expensive-scientific.html>.

⁶ “Twitter Net Income 2011-2019: TWTR.” *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.

⁷ Shaban, Hamza. “Twitter Reveals Its Daily Active User Numbers for the First Time.” *The Washington Post*, WP Company, 7 Feb. 2019, https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?hpid=hp_hp-top-table-main-twitter%3Atwitter-reveals-its-daily-active-user-numbers%3Ahomepage%2Ft%3Atwitter&hpid=hp_hp-top-table-main-twitter%3Atwitter-reveals-its-daily-active-user-numbers%3Ahomepage%2Ft%3Atwitter.

⁸ Beers, Brian. “How Does Twitter Make Money?” *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

In the past few years, Twitter has become a viral media outlet: tweets of people are used to substantiate articles and they appear on talk shows and television. It has reached this point where tweets have become a journalistic source and Twitter has become an important player in the media world — a scale no other social media advertising company can compete with.

Despite that, the company had not been doing great until FY 2018. The main reason for that is a lack of management control and a lack of strong differentiation. Even one of the founders, Evan Williams, confirmed in an interview that the management did not know what was special about the company: “With Twitter, it wasn't clear what it was”⁹. Such ambiguity and management’s incomprehension of the core purpose of the business harmed Twitter: the company was unable to position itself properly and to attract new users. Moreover, Twitter was also unable to retain already existing users as the monetizable Monthly Active Users (*further mMAU*) count had been declining in the past.

In addition to that, management managed to achieve a very negative brand perception. In Twitter’s lowest years (*please see Section 7. Financial Analysis*), platform environment was abusive and negative while misleading tweets were not moderated. Initially, Twitter could have been bought by such giants as Disney or Salesforce, but the buyers had strong concerns regarding Twitter’s image and the message it was sending to the masses¹⁰.

Despite the negatives, Twitter has also a few positive attributes that other social media advertising companies cannot offer.

2.1.1 Provides a sense of unity

It is proven psychologically that being accepted and being a part of the group are very important aspects to humans, thus Twitter tries to apply to basic needs. While Facebook and Instagram are about communicating with friends, Twitter users can engage in conversations with strangers, whether it is about a football match, political debate, or a tv show. As an example, when a TV show called “Lucifer” got canceled, fans (*strangers*) united together to save what they all loved. In the following 24 hours after the announcement, there were over one million tweets with

⁹ Lapowsky, Iffie. “Ev Williams on Twitter's Early Years.” *Inc.com*, Inc., 4 Oct. 2013, <https://www.inc.com/issie-lapowsky/ev-williams-twitter-early-years.html?cid=em01011week40day04b>.

¹⁰ McCormick, Rich. “Twitter's Reputation for Abuse Is Turning off Potential Suitors.” *The Verge*, The Verge, 19 Oct. 2016, <https://www.theverge.com/2016/10/19/13328380/twitter-abuse-disney-salesforce-bids-pulled>.

the hashtag #SaveLucifer¹¹. As a result, the show was saved by Netflix less than a month later. Such campaigns would not have happened on other social media advertising platforms.

2.1.2 Provides an ability to communicate with celebrities and brands

Please note: by celebrities, the author means all public people, by brands — companies, newspapers (WSJ, Forbes, etc.), talk-shows — everybody who has an influence over their “fan” base.

As of September 19, the most followed people on Twitter are one of the most popular celebrities in the world.

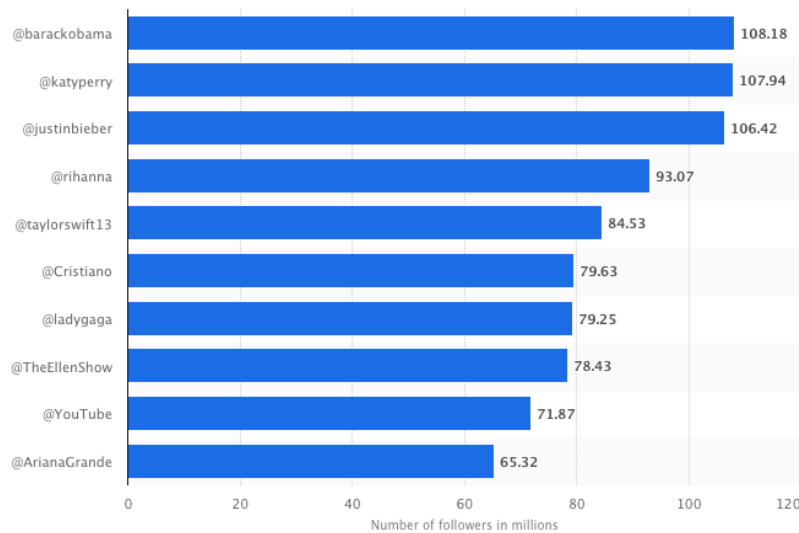


Figure 1. The chart shows Twitter’s the most followed and the most popular accounts (in millions) as of September 2019 revealing that a certain portion of users go to Twitter to follow celebrities and communicate with them. Source: Statista.com¹²

Fans have a chance to receive notices from their favorite celebrities and brands: likes, retweets, replies, or even direct messages (DMs). For them, it is a chance to feel closer to their idols, but for celebrities and brand, such communications are a chance to create personal relationships with their fans and improve their brand image (*please see Appendix for some examples*) as well as gather quick feedback when needed.

This is also beneficial for Twitter as the chance to talk to brands and celebrities drives the mDAU count up. *For more details, please see Section 12. Core competencies.*

Yet, apart from a lack of competitive advantage and a lack of management dedication, there is another crisis that Twitter faces — a lack of smart marketing. The author of the paper did primary

¹¹ Quiñónez, Ariana. “#SaveLucifer Campaign Is a Success: Netflix Orders Season 4!” *Hypable*, 15 June 2018, <https://www.hypable.com/save-lucifer-campaign-fox-cancellation/>.

¹² “Most Followed Accounts on Twitter 2019.” *Statista*, <https://www.statista.com/statistics/273172/twitter-accounts-with-the-most-followers-worldwide/>.

research (with Millennials age 18-28, residents of the Czech Republic that are different nationalities) and the majority of people were not aware of what Twitter is doing and what value they can get when using the platform. Hence, the unique characteristics of Twitter remain unknown to a large number of people and the new strategy is also poorly articulated.

In 2018, Twitter implemented a rebranding strategy, which is made of fake and bots accounts suspension and a strong focus on the creation of a positive environment. It affected the mMAU count: in Q4'18 the mMAU was 9 million (2% down) compared to Q4'17¹³. The anonymity which Twitter offers is great in some cases but can be harmful in other cases; a number of potential spammers per week kept growing and reached 9.9 million per week in December 2017 (when in December 2016 the number was just 6.4 million). Creating an uplifting environment became a number one priority for Twitter: just in May and June of 2018, the company suspended 70 million accounts¹⁴. There was also a decreased number of reported accounts in 2018 (by 16% in comparison to 2017)¹⁵.

Recently, the company became a responsible media outlet — management decided to take control over what happens on the platform and make it a safe place. Twitter, being unable to determine whether advertised tweets are fake or not, decided to put a ban on the advertising of many controversial topics, the main of which is politics (election campaigns)¹⁶. They still remain a free-speech platform but with a line that says — we do not want to spread lies. This change is still quite recent (it was implemented in November 2019) and there is a risk that Twitter might go too far (i.e. stop letting people post whatever they want on their profiles), yet, if done correctly, this could become a big source of competitive advantage for the company.

2.2 Markets

Twitter operates internationally, with the average number of mDAUs reaching 126 million people at the end of 2018. More specifically, the number of mDAUs in the US for December 31,

¹³ “Twitter: Number of Active Users 2010-2019.” *Statista*, <https://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/>.

¹⁴ “Twitter Suspends over 70 Million Accounts in Two Months: Washington Post.” *Reuters*, Thomson Reuters, 6 July 2018, <https://www.reuters.com/article/us-twitter-inc-suspensions/twitter-suspends-over-70-million-accounts-in-two-months-washington-post-idUSKBN1JW2XN>.

¹⁵ “A Healthier Twitter: Progress and More to Do.” *Twitter*, Twitter, https://blog.twitter.com/en_us/topics/company/2019/health-update.html.

¹⁶ Lerman, Rachel. “Twitter Pulls Back on Political Ads, but Pitfalls Await.” *AP NEWS*, Associated Press, 31 Oct. 2019, <https://apnews.com/3ed44c08505046c281c700a5e9d2dd38>.

2018, reached 27 million people, while the number of international mDAUs reached 99 million people¹⁷.

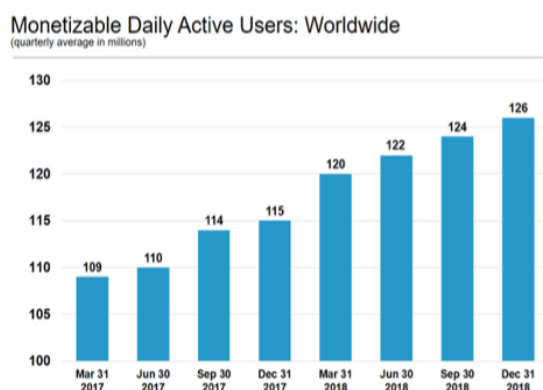


Figure 2. The chart shows Twitter’s number of daily active users in the past two years. The growth was really slow as there was an increase of only 11 million between 2017 and 2018. The graph visually represents the problem described in the preceding section. Source: Annual report for the FY 2018.

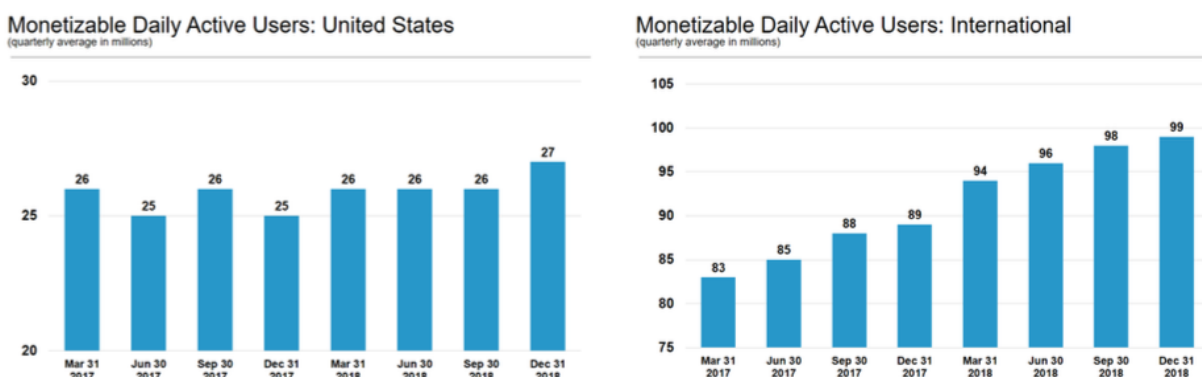


Figure 3. The chart shows Twitter’s number of daily active users in the past two years by category (US vs International market). While International market was somewhat growing, the US market remained the same or even decreased throughout the years. Source: Annual report for the FY 2018.

2.3 Mission of the Company

Twitter’s mission statement is “to give everyone the power to create and share ideas and information instantly without barriers”¹⁸.

This mission statement can be partially effective as it reflects the core idea of the company to some extent, however, it does not indicate how exactly the company is planning on sustaining this declaration. It is also vague and can be attributed to a few social media all at once; if the

¹⁷ “Fiscal Year 2018 Annual Report.” *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

¹⁸ “FAQ.” *Twitter, Inc. - Contact - FAQ*, <https://investor.twitterinc.com/contact/faq/default.aspx>.

company added more specific words such as “news” or “trends” or “real-life events”, it would give people a better understanding of Twitter’s business ideas.

The recommended mission statement will be discussed in *Section 18.1 Revised Mission Statement*.

2.4 Vision of the Company

Twitter’s vision statement is the following: “*We believe in free expression and think every voice has the power to impact the world*”¹⁹.

The vision statement is quite weak. First of all, it does not give any insights into the time frames and exact steps that the company will take to achieve desirable results. Second of all, the statement is quite controversial.

Twitter allows users to post (and advertise) whatever users want — unless it violates the company’s rules and policies. The question is “What *is* a violation?” but it remains unclear for now. With users coming from different backgrounds, cultures, or political parties, it is unavoidable that there will be subject truths, different opinions, and possible conflicts.

The reason behind a ban on political ads is the following: it might “be used to influence votes to affect the lives of millions,” according to Twitter CEO²⁰. The company said it would not take down tweets of those who are involved in the political campaigns, yet it would not let users advertise anything political. For some, such limitation might be the opposite of the “free expression” as it prevents people from reaching thousands of other people having the same opinion and engaging in conversations with them. On the other hand, now politicians will not be able to spread the lies and misleading information, which is one of the main goals of Twitter; there are people who highly support this change.

Regardless of people’s different opinions on the change and whether it is the right thing to do or not, one thing is clear: Twitter needs to rewrite its vision statement to avoid such ambiguity. The statement needs to be more specific and more tailored to meet current rules and policies.

The recommended mission statement will be discussed in *Section 18.2 Revised Vision Statement*

2.5 Strategic overview conclusion

¹⁹ “Twitter Values.” *Twitter*, Twitter, https://about.twitter.com/en_us/values.html.

²⁰ Lerman, Rachel. “Twitter Pulls Back on Political Ads, but Pitfalls Await.” *AP NEWS*, Associated Press, 31 Oct. 2019, <https://apnews.com/3ed44c08505046c281c700a5e9d2dd38>.

For a long time, there has been a certain dissonance between Twitter's words and Twitter's actions: the company states how important it is for them to have a strong brand in the eyes of current and potential users²¹, however, their Mission and Vision statements do not provide any support to the image creation. It seems Twitter has not done any adjustments to the statements since the new strategy implementation started taking place to make the public aware of the changes. That being said, it is clear why some people are reluctant to use Twitter or are unaware of what the company offers these days; the ambiguity (regarding what Twitter is and what it can offer) that the company has not addressed yet keeps harming the business and prevents it from increasing its mDAUs number significantly.

²¹ "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

3. Business Model Canvas:

Value Propositions	Account users: real-time news, share interests, engage in conversations Ad sellers: wide audience, affordable prices, attractive metrics, help from partners
Customer Segments	Multi-sided platform: connects 1) account users and 2) ad sellers
Channels	Direct: website and mobile application
Customer Relationships	Communities and self-service
Revenue Streams	Advertising (primary), data licensing
Key Resources	Intellectual and human resources
Key Activities	Platform maintenance, Data management, Partnerships management, and Rebranding
Key Partners	Strategic alliances
Cost Structure	Cost-driven 40% Value-driven 60%

Figure 4. Twitter's Business Model Canvas with keywords for each of the nine segments. Source: Ekaterina Belova, 2019

3.1 Customer Segments: Multi-sided platform / Mass market

Twitter is a medium that connects two of its customer segments, account users and ad sellers. Account user category has further sub-categories: regular users, celebrity users, and corporate users (business editions, TV channels and everyone else who posts educational content). Advertisers are the ones who bring revenue, yet there would be no business if there were no users, thus both segments are highly important to the company's existence.

Twitter targets all ages, races, and genders by letting its users a certain amount of freedom controlled by Twitter policies and rules to express their opinions and stories. Age groups of 18-29, 50-64, 65+ are relatively similar in terms of its size (approximately 20% of all users), but the age group of 30-49 makes 36% of all users²².

²² Wojcik, Stefan, and Adam Hughes. "How Twitter Users Compare to the General Public." *Pew Research Center: Internet, Science & Tech*, 24 July 2019, <https://www.pewinternet.org/2019/04/24/sizing-up-twitter-users/>.

To access the network, users will only need an internet connection and a laptop (or a phone), which makes Twitter easy to use; with its operation in the majority of countries and 139 million monthly active users²³, company represents a platform with wide areas of interests where everyone can follow those with similar hobbies and engage in conversations with them.

3.2 Value Proposition

As Twitter has two distinct customer segments, it also has two value propositions that are tailored to meet each segment's expectations.

3.2.1 Account users

The value proposition for account users would be: *“To provide a microblogging platform where users can receive real-time news, find other people that share the same interests, and engage in conversations with them.”* Thus, the company provides a free-of-charge service that helps people to be aware of what is going on in the world and helps them to find new friends. The whole interface of the website/mobile application is user-friendly (like/retweet is a way to agree with someone, a hashtag is a way to search for things, and comments are for engagement) and it allows a certain level of anonymity which is welcomed by many people.

3.2.2 Ad sellers

The value proposition for those who buy Twitter ads would be: *“To provide a platform that can offer an instant wide audience, attractive metrics, and prices and a possibility to cooperate with various partners to set up the whole process for them.”* According to Twitter, there was “a 55% increase in the number of ad engagements offset by a 20% decrease in cost per ad engagement in 2018 compared to 2017”²⁴. The company strives to offer the highest quality at the lowest possible price by offering 3 types of advertisement (*discussed in Section 3.5 Revenue streams*) which are suitable for different needs and business objectives. Apart from its competitors, Twitter does not require to have a minimum daily budget (while with Facebook ad sellers must pay no less than \$5/daily and with LinkedIn, it is no less than \$10/daily)²⁵.

3.3 Channels: Direct

²³ “Twitter: Number of Active Users 2010-2019.” *Statista*, <https://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/>.

²⁴ “Fiscal Year 2018 Annual Report.” *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

²⁵ “How Much Does Social Media Advertising Cost in 2019?” *WebFX*, <https://www.webfx.com/how-much-does-social-media-advertising-cost.html>.

Twitter reaches its customers and delivers its products through its direct channel: the company's website and mobile application (which are the same for all countries). Even though 80% of account users prefer the mobile app²⁶, the website is more convenient when setting up an ad and tracking the statistics.

To support high daily traffic Twitter invests a lot in server and storage maintenance. In 2018, the cost of revenue (with infrastructure costs being a big part of it) reached almost a billion dollars which is a % 103.8 million increase compared to 2017²⁷.

3.4 Customer Relationships: Communities and Self-service

Twitter has its own account with 56.7M followers (as of 21.11.2019) where they also engage in communications with users (i.e. they retweet other users' tweets as well as ask questions and tweet about changes in the company). They are trying to listen to their community and be aware of user's needs as much as it is possible to provide high-quality service (i.e. in 2017, the company finally increased character limit after receiving numerous complaints²⁸).

Despite that, Twitter does not have other direct relationships with both account users and ad sellers. All customers can find relevant information on the company's website, and in case they face a problem, they can contact Help Center — an automated service that accepts filled reports. The same goes for ad sellers — the process of advertising is very automated and does not involve help from Twitter employees.

3.5. Revenue streams:

The major source of income for the company is advertising: advertising revenue in 2018 reached \$2.61 billion and it was more than a 20% increase from what they made in 2017²⁹. The company offers 3 major ways of advertising: by promoting accounts (ranking them to the top of the search), by promoting tweets (showing those tweets to the audience with a similar taste on their timelines), and by promoting trends (ranking trends to the top of the Trending page).

²⁶ Brandt, Mathias, and Felix Richter. "Infographic: 80% Of Twitter's Users Are Mobile." *Statista Infographics*, 29 Apr. 2015, <https://www.statista.com/chart/1520/number-of-monthly-active-twitter-users/>.

²⁷ "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

²⁸ Newton, Casey. "Twitter Just Doubled the Character Limit for Tweets to 280." *The Verge*, The Verge, 26 Sept. 2017, <https://www.theverge.com/2017/9/26/16363912/twitter-character-limit-increase-280-test>.

²⁹ Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

The company also generates money from data licensing which makes up approximately 14% of the total revenue³⁰. In 2018, the revenue was almost \$425 million³¹ (which is an increase from 2017's \$333 million) and the trend seems to grow.

3.6 Key resources: Intellectual and Human Resources

Twitter's main resources are human and intellectual ones. As part of its rebranding strategy with a strong focus on positive environment, Twitter started focusing more on its brand and how it is viewed by others. According to them, "If we are unable to maintain and promote our brand, our business and operating results may be harmed."³² To generate profits, the company should maintain a positive picture of its brand and trademark — unless the public sees Twitter as a strong and distinctive company, those people will not pursue any business relationships with them.

Equally, human resource is crucial for business. Social media/internet content industry is still a rapidly growing one, it requires creativity and specific knowledge, hence Twitter's success depends on the people that work there. If they can offer creative solutions and innovative ideas on how to improve the company's business, Twitter will keep growing successfully.

3.7 Key partnerships: Strategic alliances

Real-time news and live events are crucial to Twitter's strategy, thus the company relies greatly on strategic alliances. Earlier this year Twitter revealed a list of their new partners in each of the most popular areas (sports, politics, news, and entertainment)³³; the list includes worldwide known organization such as The Wallstreet Journal or NFL — companies that are valued by and are trustworthy in the eyes of all users. Moreover, Twitter made a pact with NBS to translate exclusive content for the 2020 Tokyo Olympic Games³⁴. All of that ensures Twitter will be able to deliver unique content to its customers.

The company also addresses diversity and acknowledges the needs of different nationalities — recently there was a launch of a new partnership with Univision for Hispanic users³⁵.

³⁰ Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

³¹ Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

³² "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

³³ Martyswant. "Twitter Is Expanding Its Video Content With More Than a Dozen Partners." *Adweek*, Adweek, 30 Apr. 2019, <https://www.adweek.com/digital/twitter-is-expanding-its-video-content-with-more-than-a-dozen-partners/>.

³⁴ Spangler, Todd. "NBC Pacts With Twitter For Exclusive 2020 Tokyo Olympics Live Programming." *Variety*, 25 July 2019, <https://variety.com/2019/digital/news/nbc-twitter-2020-tokyo-olympics-live-streaming-1203279412/>.

³⁵ Martyswant. "Twitter Is Expanding Its Video Content With More Than a Dozen Partners." *Adweek*, Adweek, 30 Apr. 2019, <https://www.adweek.com/digital/twitter-is-expanding-its-video-content-with-more-than-a-dozen-partners/>.

To help ad sellers promote their products, Twitter has partnerships with companies that “helps brands to get more from Twitter”³⁶: there are almost 40 companies that provide various solutions on investment optimizations, metrics, and digital advertising, as well as 8 companies that help brands to work with licensed data correctly.

3.8 Cost structure: Value-driven (60%) and Cost-driven (40%)

Twitter strives to provide an unforgettable experience to both account users and ad sellers which makes them partially a value-driven company. For instance, in 2018, Twitter spent more than 700 million dollars on its marketing campaigns³⁷ to express that now they are becoming a safe, bullying-free and violence-free website. That helped them to achieve a promising growth of average mDAUs³⁸: in Q4’17 the number was 115 million people while in Q4’18 the number reached 126 million people.

Twitter also offers value through hashtags that are the primary way to search for things. When someone posts a link to an external website, all they have to do is use relevant hashtags to attract a wider audience and increase traffic for their platforms, which is an additional free-of-charge-way of advertising on Twitter.

However, it is also a cost-driven company. In the past, the financials were improved through cost-cutting techniques rather than business growth; to minimize losses the company reduced its workforce³⁹ or spent less on R&D as well as marketing and sales (Twitter saved \$348,810 in 2017 compared to 2016)⁴⁰.

3.9 Key activities

Currently, Twitter has four main activities that help them deliver its Value Proposition: Platform Management, Data Management, Managing Relationships with Partners, and Rebranding. Some of the activities are aligned with each other; however, they do not ensure that Twitter’s business model is hard to imitate.

³⁶ “Partners.” *Twitter*, Twitter, <https://partners.twitter.com/en>.

³⁷ “Fiscal Year 2018 Annual Report .” *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

³⁸ “Fiscal Year 2018 Annual Report .” *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

³⁹ Wagner, Kurt. “Twitter Will Cut 9 Percent of Its Workforce, or Roughly 350 People.” *Vox*, Vox, 27 Oct. 2016, <https://www.vox.com/2016/10/27/13399872/twitter-layoffs-q3-earnings>.

⁴⁰ “Fiscal Year 2018 Annual Report .” *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.

4. Current Activities System Map

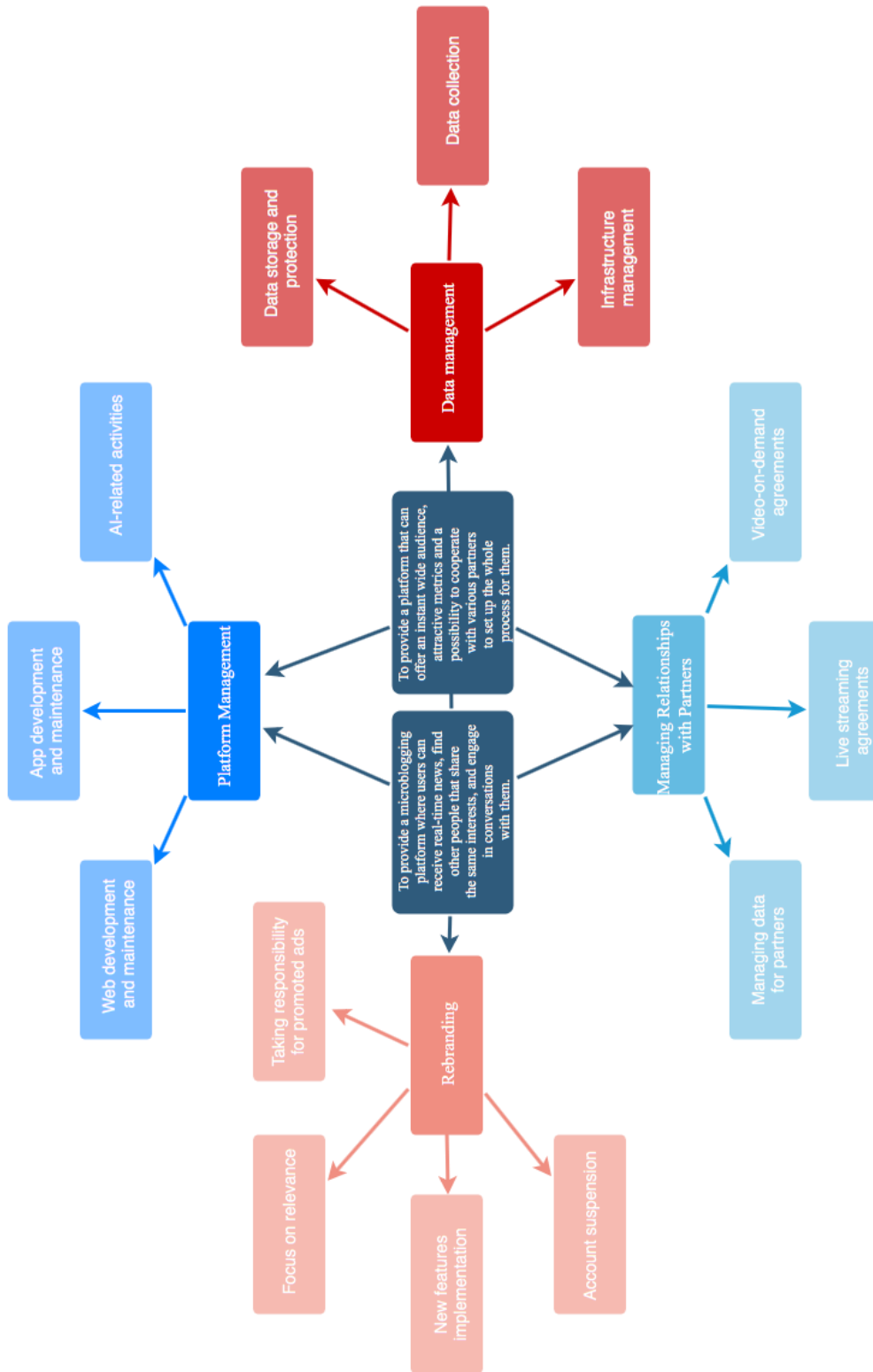


Figure 5. The chart shows Twitter's current activity system map. It shows main activities and sub-activities. Source: Ekaterina Belova, 2019

4.1 Platform Management

As a medium between two customer segments, Twitter must ensure its platform is working properly and can withstand daily traffic and meet all the requirements that account users and ad sellers have. Without a properly working platform, Twitter does not have the core of its business and is unable to be an active player in the industry and deliver its value propositions.

4.1.1 Web development and maintenance

The website is the face of Twitter; it needs to be user-friendly (i.e. for all age groups), interactive and catchy. The color scheme remained the same throughout the years (it is proven blue has a strong psychological impact on all genders⁴¹) however the interface has changed a lot. It is quite logical: with high traffic, 134 mDAUs in Q1'19⁴², Twitter needs to ensure there are little to zero bugs that can disrupt users' experience. Being able to provide high-quality service is one of the major factors in attracting and retaining customers in the industry, which makes web maintenance one of the top priorities.

4.1.2 App development and maintenance

Twitter app is a crucial aspect for the company: the majority of users prefer a mobile app over Twitter.com. Changes in the application reflect changes on the website and both platforms are almost identical in terms of functionality. Thus, for no customers to experience delayed updates, Twitter has to work on any changes for both platforms simultaneously.

4.1.3 AI-related activities

Artificial Intelligence (*further, AI*), that Twitter first implemented in 2017, is now the most important aspect that helps the company to run its business. For instance, AI is responsible for locating fake and racist comments (to take them down) and controlling what users see on their timelines and in what order (so that tweets of others are shown in an algorithmic order, not a chronological one)⁴³. For that, Twitter's engineering team, Cortex, constantly thinks of ways to solve problems, various updates and better ways to code to "to build state of the art machine learning technologies within Twitter"⁴⁴.

4.2 Data management

⁴¹ "Why Are Social Media Sites Blue?" *Tampa Inbound Marketing Agency*, <https://www.bluleadz.com/blog/why-are-social-media-sites-blue>.

⁴² "Q1 2019 Earnings Report." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/2019/q1/Q1-2019-Slide-Presentation.pdf.

⁴³ Daniel, Ellen. "Twitter AI: How the Platform Is Embracing Artificial Intelligence." *Verdict*, 24 Jan. 2019, <https://www.verdict.co.uk/twitter-ai-automation/>.

⁴⁴ "Cortex." *Twitter*, Twitter, <https://cortex.twitter.com/>.

4.2.1 Data collection

Even though Twitter needs customers' data to sell it later, the company also collects certain data ("including the web page you visited, your IP address, browser type, operating system, and cookie information") to improve their services⁴⁵. To provide personalized ads, Twitter needs to know what the users' interests are and what websites they often visit. Without access to that information, Twitter won't be able to reach a wider audience when promoting an ad and that can harm the whole business concept. If Twitter does not provide attractive metrics for ad sellers and does not show relevant ads for account users, the company can never deliver its value propositions.

4.2.2 Data storage and protection

Even though Twitter does not collect sensitive data (i.e. health-related, religion-related data), it still collects data that can identify a customer (at least email address and phone number); hence, starting from May 2018 Twitter was affected by data protection rules even more than before. Originally an American company, Twitter still has to comply with the rules stated in the General Data Protection Regulation (*further GDPR*) to have its business in the EU. In order to obtain personal data that can be further offered to third parties or used for improving the services, Twitter developed a new Privacy policy that helps customers to both share and retrieve their personal information.

Despite that, Twitter made mistakes and leaked data to third parties without users' compliance which, even though were resolved, damaged the company's reputation. *Please see SWOT for detailed analysis.*

4.2.3 Infrastructure management

Infrastructure management is one of the activities Twitter pays close attention to. Some of the components of Twitter's infrastructure system are a database, storage, messaging (45% of the total infrastructure), and cache⁴⁶ — hence, the biggest part of it is meant to work with data and its storage.

With the company's goal to grow its user count, it needs to make sure that infrastructure grows accordingly. Constant updates and improvements from the engineering team are important in order to sustain smoothly flowing processes, increase capacity needs, and preclude any crashes along with many other crucial aspects that would ensure the high customer experience.

⁴⁵ "Privacy - Twitter Developers." *Twitter*, Twitter, <https://developer.twitter.com/en/docs/twitter-for-websites/privacy>.

⁴⁶ "The Infrastructure Behind Twitter: Scale." *Twitter*, Twitter, https://blog.twitter.com/engineering/en_us/topics/infrastructure/2017/the-infrastructure-behind-twitter-scale.html.

4.3 Managing Relationships with Partners

Strategic alliances ensure Twitter is successful in attracting and retaining customers since those partners provide Twitter with exclusive content. Developing and maintaining relationships with external businesses is one of the major Twitter objectives.

4.3.1 Video-on-demand agreements

Twitter focuses on creating video-on-demand agreements with its partners a lot. They offer its users an option to vote for the exact specific content they want to see.

For instance, with a new partnership with NBC, all interested users will be able to choose the most preferred Olympic event that will be streamed that day later (the majority wins)⁴⁷. To achieve that, Twitter needs to have a new system that tracks all the results and sends them to the NBC office immediately. Additionally, an analysis of the most voted content is needed in order to supply users with the content they prefer in the future.

4.3.2 Live streaming agreements

Live streaming is another sub-activity that Twitter engages in as it helps to be aware of what is going on in the world and share your opinion all the time; engagement of the users increases greatly (i.e. during Super Bowl Twitter saw an increase of 19% in its mDAU count)⁴⁸. That kind of service is beneficial for both parties, thus to close a deal Twitter needs to analyze what it is that attracts users on both ends.

4.3.3 Managing data for partners

Twitter needs to sort and store the data properly to send it to partners at any given time they ask. Additionally, Twitter needs to analyze and predict which data will be demanded at a given moment in time to be able to offer it to partners in advance. Lastly, good relationships should be developed and maintained with the partners — especially considering that Twitter wants to increase the portion of the revenue that comes from data licensing.

4.4 Rebranding

⁴⁷ Reyes, Mariel Soto. “NBC and Twitter Are Partnering for Live Coverage of the 2020 Tokyo Olympics.” *Business Insider*, Business Insider, 29 July 2019, <https://www.businessinsider.com/nbc-twitter-live-coverage-2020-tokyo-olympics-2019-7>.

⁴⁸ “Twitter Changes the Live TV Sports Viewing Experience - Twitter Marketing.” *Twitter*, Twitter, [https://marketing.twitter.com/na/en/insights/twitter-changes-the-live-tv-sports-viewing-experience?utm_source=Triggermail&utm_medium=email&utm_campaign=Post Blast \(bii-digital-media\): NBC, Twitter partner for some 2020 Olympics coverage | Video, audio likely to drive Amazon ad revenue growth | Snapchat tests dynamic product ads&utm_term=BII List DMedia ALL](https://marketing.twitter.com/na/en/insights/twitter-changes-the-live-tv-sports-viewing-experience?utm_source=Triggermail&utm_medium=email&utm_campaign=Post+Blast+(bii-digital-media):+NBC,+Twitter+partner+for+some+2020+Olympics+coverage+|+Video,+audio+likely+to+drive+Amazon+ad+revenue+growth+|+Snapchat+tests+dynamic+product+ads&utm_term=BII+List+DMedia+ALL).

This is a quite recent activity for Twitter. Due to undifferentiation from other competitors, Twitter had financial problems for the first 10 years of its existence in the market, however, the new current strategy tries to change the brand perception among customers.

4.4.1 Focus on relevance

Twitter focused on providing higher quality content to its customers by giving them more relevant search results. With less suspicious accounts, account users can find useful content faster and engage with meaningful conversations with real people instead of fakes and bots. Additionally, with unique partnerships, Twitter tries to attract as many content providers, that would be interesting for account users, as possible.

4.4.2 Account suspension

This sub-activity supports Twitter's current strategy the most. In order to implement the strategy, Twitter needed to rewrite its existing rules, spread the new policies and improve the AI algorithms that would track malicious accounts and deactivate them. The activity adds value to the Value Proposition as it ensures the environment is healthy and sustainable.

4.4.3 New features implementation

As part of its rebranding strategy, Twitter implemented certain changes that would ultimately save users' time and make the time spent on the platform more pleasant. Some of the examples of such innovations are a Direct Message search⁴⁹ and bio translation⁵⁰. In the past, in order to find a message, users manually had to scroll through the whole conversation and translate the bios with the help of online translators, if necessary. With these changes, the company is trying to minimize any potential issues users face and maximize satisfaction when using the platform.

4.4.4 Taking responsibility for promoted ads

This is the most recent activity Twitter engaged in. The political ads were banned since Twitter could not check the authenticity of all advertised content and politicians used to take advantage of that and mislead people. Despite potential losses in revenue, Twitter decided to take the first step toward being a responsible and honest platform the company wants to be known as.

4.5 Strategic Fit

4.5.1 Strategic Fit #1

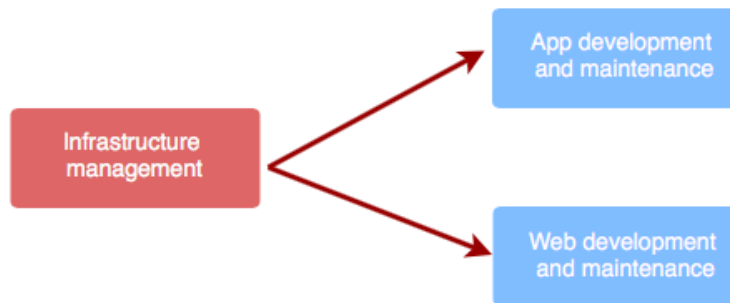
⁴⁹ Statt, Nick. "Twitter Now Lets Anyone on IOS Search DMs for Long Lost Message Threads." *The Verge*, The Verge, 1 Oct. 2019, <https://www.theverge.com/2019/10/1/20893603/twitter-dm-search-launch-apple-iphone-ios-text>.

⁵⁰ Burki, Sarmad. "Twitter Is Supposedly Testing 'Translate Bio Feature': Tweet Suggests." *Appuals.com*, 3 Oct. 2019, <https://appuals.com/twitter-is-supposedly-testing-translate-bio-feature-tweet-suggests/>.



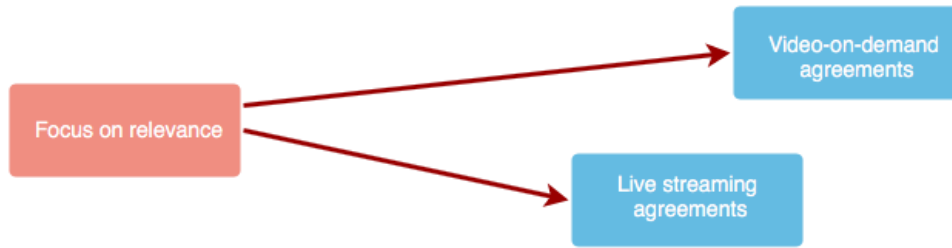
AI-related activities (algorithms development, updates implementations, calculations, and so on) are closely linked with all rebranding activities. By using the AI processing and AI algorithms, Twitter eliminates bot accounts, creates convenient and user-friendly features, and provides the most relevant content, as well as rejects political ads. Without a strong focus on AI and a lack of effort from the engineering team, Twitter would have never been able to even start rebranding itself.

4.5.2 Strategic Fit #2



Infrastructure management is closely linked to Web development and App development; these sub-activities enhance each other strongly. None of the changes on both the app and the website would be possible if the company did not set a constant improvement of its infrastructure as one of its biggest goals. To support its platforms, Twitter constantly needs to work on its infrastructure to make sure that all the features and processes can be supported by its servers and that the volume of data (including cache, messages, visual content, and so on) is not exceeding its current capacity.

4.5.3 Strategic Fit #3



The third fit is between Focus on Relevance and Live streaming agreements and Video-on-demand agreements. When Twitter acquires new partners and comes up with special agreements with them, it immediately has more content to offer to its users whether it is live streaming or videos-on-demand. As a result, Twitter provides more value and more relevance to those who use Twitter for finding news and “educational” content.

4.5.4 Strategic Fit #4



The fourth fit is between Data storage and Managing Data for partners. By storing its data properly — separating personal user information from what the partners would be interested in (tweet history, popular trends analytics, etc.) — Twitter both keeps its data safe, preventing it from being leaked, but also accessible whenever Twitter’s partners need it. In the technology world, speed is everything, and to satisfy the partners, Twitter needs to provide its services quickly, meaning the data has to be managed, sorted, and stored properly in order to be sent over at any given moment.

4.6 Competitive advantage

Even though Twitter has something that might be turned into competitive advantage in the near future, a positioning as “the responsible platform” (*as discussed in Section 2.1 Brief Company overview*), currently there is little strategic fit and many sub-activities, such as Marketing or Alliances with celebrities and brands, that are missing. Without them, Twitter cannot sustain its strategy properly and does not seem to be focused on long-term results. If any of the competitors will want to copy Twitter’s activities, it can be done easily. To change that and achieve a fit between activities, along with competitive advantage, Twitter needs to reconsider activities it is doing now. *Please see Section 19. Suggested Activity Map for revised activities.*

5. Current strategy

Twitter's current strategy is *to have a customer and revenue growth through the creation of a safe environment. To achieve that, Twitter suspends suspicious accounts, expands rules that prevent bullying and violence, and customizes the website and the mobile app.*

The strategy worked as Twitter saw an increase in the mDAU count — now people are both feeling safer while searching the media and finding the relevant content faster, which makes them come back to the platform.

Despite having a strategy, Twitter lacks certain internal operational factors (the main of which are tailored business activities). To take advantage of the industry's opportunities (*please see Section 14. SWOT Analysis*) and to focus on the Critical Success Factors that will help the company to differentiate itself and succeed in the industry (*please see Section 11. Critical Success Factors*), Twitter needs to re-evaluate the things it is doing currently. The strategy is not enhanced properly which results in a weak financial performance.

6. Porter's Five Tests Of Current Strategy

6.1 Distinctive Value Proposition

The existing value propositions partially meet the first Porter's test. The *user's value proposition* is unique and it differentiates the company from every other social media. However, the *value proposition for add sellers* does not differentiate the company from its competitors due to intense competition on the market. Twitter offers the same service as its competitors for approximately the same price, but the competitors offer a bigger audience and a bigger reach number which makes Twitter fall behind.

6.2 Tailored Value Chain

Twitter meets this test partially. All of its activities are crucial for the business, as they ensure a means to implement the strategy, yet Twitter lacks other activities that are important for the company, such as marketing or customer experience management (*please see Section 19. Suggested Activity Map for revised activities*). Hence, the current strategy is performed only to a certain extent, not to a full capacity, which means Twitter cannot bring the most value to its users.

6.3 Trade-offs Different from Competitors

Twitter meets the third Porter's test. The first trade-off would be the character count. While some of the users would like to have a bigger character count, Twitter follows the concept developed 13 years ago — 140 (then changed to 280) characters only. Twitter still focuses on having a microblogging platform with short messages and now this is not just a trade-off but also a distinctive characteristic of the company.

The second trade-off was implemented in November 2019 when the CEO decided to ban all political ads. Since the company is unable to check the authenticity of all paid political ads, it decided not to run any political ads at all. By doing that, Twitter focuses on a safe environment and a lack of misleading information. Despite received negativity and criticism from lots of people, the management stands by its decision and wants to become an honest platform.

6.4 Fit Across The Value Chain

Twitter meets the fourth Porter's tests weakly. There is some fit between its activities and sub-activities, however, the main activities are not aligned with each other properly. The business model is not effective since Twitter just performs activities that do not reinforce each other. It results in a lack of competitive advantage and differentiation.

6.5 Continuity Over Time

Twitter partially meets the last Porter's test. When looking at the past performance of the company (*please see section 7. Financial Analysis for details*), it is clear the company had not had a solid business model. The ambiguity that surrounded Twitter harmed the company and set the company back from its competitors. Yet, with the recent ban on political ads, which can become a source of competitive advantage, Twitter has developed a sustainable plan on how to become a responsible platform for the next few years.

6.6 Conclusion

Twitter's strategy passes some of the Porter's tests, but the company needs to focus on its activities as they somewhat weaken the strategy. Various improvements need to be made for Twitter to become "the go-to", as the management wants (*please see section 23. Appendix*), company. Sustainable competitive advantage is impossible to happen without a strong fit between the activities and a clear plan, hence, Twitter needs to rethink its activities and dedicate itself to improving brand perception.

7. Financial Analysis

The following information is taken from Twitter’s annual reports for 2018, 2017, 2016 years as well as from Twitter Yahoo Finance page and quarterly letters to shareholders. All calculations are based on the numbers provided in the financial statements. *Please see Appendix for full versions of financial statements.*

7.1 Revenue Analysis

Gross Profit	2,077,662	1,582,457	1,646,379
---------------------	------------------	------------------	------------------

The most likely reason for decreased revenue in 2017 is the lack of growth in mMAUs count (there was only a 1% growth in mMAUs between Q4’17 and Q4’16)⁵¹. Along with zero dedication to create a platform with highly relevant content and zero bots, the company was not able to satisfy ad sellers’ needs and provide attractive metrics. However, in 2018, the company had an increase in \$495,205 that shows the results from the new business strategy that the company implemented.

The results for FY 2019 are impossible to predict so far as there is no stability or trend in Twitter’s financials, however, there is a clear Year-over-Year (*further YOY*) growth in mDAUs (*discussed Section 5. Current Strategy*) and the numbers look promising.

7.2 Operating Income or Loss Analysis

Costs and expenses⁽²⁾			
Cost of revenue.....	964,997	861,242	932,240
Research and development	553,858	542,010	713,482
Sales and marketing	771,361	717,419	957,829
General and administrative	298,818	283,888	293,276
Total costs and expenses.....	<u>2,589,034</u>	<u>2,404,559</u>	<u>2,896,827</u>
Income (loss) from operations.....	453,325	38,740	(367,208)

Operating Income or Loss, again, signals about a lack of stability in Twitter’s financials. There is a huge difference between 2017 and 2016 (\$414,585 million) and even a bigger difference between 2018 and 2017 (-\$405,948 million).

When looking at operating expenses, the following conclusion is made: the increase in operating income in 2017 was achieved mainly by a decrease in expenses in R&D and General Expenses, not through improvement in the strategy.

⁵¹ “Q4 And Fiscal Year 2017 Letter to Shareholders.” *Twitter*, 8 Feb. 2018, https://s22.q4cdn.com/826641620/files/doc_financials/2017/q4/Q4_2017_Shareholder_Letter.pdf.

However, the numbers in 2018 are more attractive: the company spent more on its operating expenses but had a bigger operating income. Once again, the implemented strategy showed its results as the bigger revenue (that came both from advertising and data licensing) was enough to cover unavoidable expenses. Yet in the future, the expenses will most likely go up again if Twitter focuses on new activities (*discussed in 14. SWOT Analysis and 11. Critical Success Factors*) and, unless done correctly, Twitter might experience operating loss instead of operating income again.

7.3 Net Income or Loss Analysis

Net Income	1,205,596	-108,063	-456,873
-------------------	------------------	-----------------	-----------------

2018 was a revolutionary year for Twitter: for the first time in its existence, the company made a profit. Before that, even though the company’s revenue over the years was seemingly stable, Twitter was not able to cover all of its expenses, including interest and tax. The lack of working strategy and differentiation had been stopping Twitter from making more sales and generating higher revenue.

However, it is worth mentioning that Twitter did not actually make over a billion dollars. When looking at the two metrics below, it is clear that the company made only \$423,544 million, the other \$782,052 came from tax relief. Yet even \$423,544 million is a significant increase from 2017 when Twitter had a loss of \$95,418 million.

Income (loss) before income taxes	423,544	(95,418)	(440,834)
Provision (benefit) for income taxes	(782,052)	12,645	16,039

7.4 Debt/equity ratio

	2018	2017	2016
Debt/equity ratio	0.49	0.46	0.49

Debt/Equity ratio has been pretty stable over the past three years and the numbers look good — Twitter does not rely on investments from creditors more than on investments from investors. That is a smart move considered Twitter’s profitability: if the ratio was higher, Twitter would not have been able to repay its debt in time which would harm the company’s reputation. On the other hand, investments come from employees of the company (*see ROE analysis below*) and not from someone externally, which possibly discourage any other potential investors.

7.5 Profitability Analysis

Total Revenue	3,042,359	2,443,299	2,529,619
Cost of Revenue	964,697	860,842	883,240

Based on the numbers presented above, Twitter's profitability margins are the following:

	2018	2017	2016
Gross Profit Margin	68,2%	64,7%	65%
Profit Margin	39,6%	-4,4%	-18%

These numbers support previous findings: the company had been unstable until 2018 and was unable to generate any income. With quite high Gross Profit Margin numbers, the company had been doing relatively okay generating revenue and selling its services, however unavoidable costs in terms of operating expenses were damaging the company and putting it in a threatening financial situation.

The lack of differentiation was the main company's problem: even though Twitter invested a lot in its R&D and Marketing and Sales, it was not a well-thought marketing based on reaching potential users with correct channels (bloggers, newspapers, and so on). Thus, the sales were not as high as they could be (taken into consideration the amount of money spent), and the company had been operating at a net loss in the past.

Research and development	553,858	542,010	713,482
Sales and marketing	771,361	717,419	957,829

In 2018, when Twitter finally decided to pay closer attention to its services and brand image, the results were positive: a huge increase in revenue and net income (and accordingly in profit margin).

ROE metric is presented below:

ROE	17%	-2%	-9.9%
-----	-----	-----	-------

ROE plays a significant role as it tells us that the company is generating money internally (few people would want to invest just to keep losing money for years). With negative EPS over the years, Twitter did not have anything to offer to external investors, thus they had to issue shares which were a part of compensation plans for employees. This can be seen in the numbers below:

Issuance of common stock upon purchases under employee stock purchase plan	—	29,288	—	23,920	—	24,431
--	---	--------	---	--------	---	--------

If anything, convertible stocks had an equity component and the money were just moving over inside the company.

Proceeds from issuance of convertible notes 1,150,000 — —

7.6 Liquidity Analysis

	2018	2017	2016
Current ratio	4.68	9.1	7.9
Quick ratio	4.6	5.8	7.5

There is a significant decrease in Current ratio number from 2017 to 2018 as the metric is almost two times smaller. This trend can signify a potentially threatening situation in which Twitter has problems paying for its liabilities with its assets, however, the number (4.68) is still 4 times bigger than the acceptable 1. Moreover, such a high number as 9.1 can signify that Twitter did not use its funds properly in 2017, but in 2018 more of the capital was invested in the business.

Respectively, Quick ratio experiences a steady decrease. The number is still quite high, thus Twitter won't need to sell off its long-term assets to cover its liabilities if needed. However, if the number keeps decreasing (which leads to Twitter selling its long-term assets), it can be quite worrying as it will mean Twitter's activities aren't tailored enough to generate more revenue.

7.7 Stock Performance



Figure 6. The chart shows Twitter's stock price performance starting from 2014 until current date [22.09.19]. The chart shows great fluctuations in the price that are the result of the lack of growth of mMAUs and poor management strategy in general.

Source: Yahoo Finance, 2019.

The company came public in November 2013 and the first day was a success with the price going up 72.84%⁵², but starting from September 2014, there were rapid fluctuations, with the highest price of \$74.73 (December 2013) and the lowest price of \$13.74 (May 2016)⁵³. Currently, on 22.09.2019, the price per share is \$43.23.

Twitter's lowest point lasted 2 years from the middle of 2015 to the middle of 2017. The reason for that was a poor brand image and the lack of growth in the number of mMAUs as the results (especially in comparison to the main competitor: in Q1'16 Facebook had 1712 billion mMAUs⁵⁴, while Twitter had only 310 million mMAUs⁵⁵). Moreover, the predicted estimates were not met. Poor management and the lack of core competencies that would give the company any competitive advantage were the biggest threat the company was facing at the time.

There was an increase starting from 2018 (when the company focused on its new strategy), however, there was a huge decline in the months following the release of Q2'18. The company revealed its mMAUs number — which was 335 million (a decline from 336 million from Q1'18) — and the news on how they were planning on decreasing the number even more with their new policy.

When the annual report for 2018 was released and the majority saw the results the new strategy brought, there was an increase in stock price. There are still fluctuations, however, the analyst predicts a relatively stable future and talk about positive EPS encouraging to buy the company's stock.

⁵² Reemanasr. "Twitter Stock Falls below IPO Price." *CNBC*, CNBC, 20 Aug. 2015, <https://www.cnbc.com/2015/08/20/twitter-stock-falls-below-ipo-price.html>.

⁵³ "Stock Wars: Facebook Vs. Twitter Vs. Snapchat." *Yahoo! Finance*, Yahoo!, 28 Aug. 2019, <https://finance.yahoo.com/news/stock-wars-facebook-vs-twitter-175754389.html>.

⁵⁴ "Facebook Users Worldwide 2019." *Statista*, <https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>.

⁵⁵ "Twitter: Number of Active Users 2010-2019." *Statista*, <https://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/>.

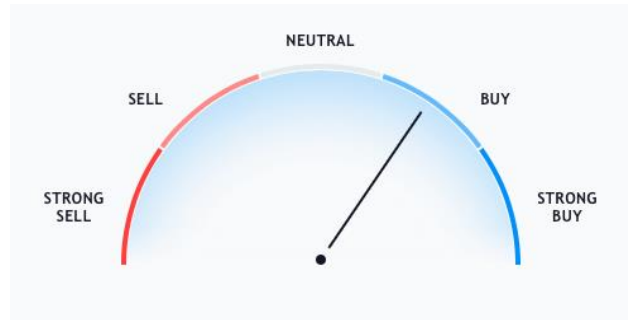


Figure 7. The chart shows an analyst's opinion on Twitter's stock with strong inclination towards buying. With current rebranding strategy (including ban on political ads), the analyst believes Twitter has a positive financial future and that it is safe to invest in the company. Source: Tradingview.

7.8 Financial Analysis Conclusion

The financial analysis proves that the company's strategic issue was the lack of competitive advantage and the lack of working strategy: as soon as rebranding was implemented and the management started taking care of the platform environment, there was a big increase in revenue. All financial metrics significantly improved in 2018 from the negative numbers the company was facing in 2017 and 2016. As shown in highly decreased current ratio, the company finally started utilizing its assets accordingly instead of just letting it sit around like in the past. Increased revenue, better approach to business operation (shown through more sensible utilization of its resources), and improved platform environment led to increased stock price. As a result of all of that and given Twitter's dedication to the new strategy, the company should be getting more and more external investors instead of relying on the internal money from employees deducted from their salaries and bonus plans.

8. External Analysis

8.1 Industry Overview

Internet Content and Information industry is a broad industry that includes various participants: traditional media companies that offer resources on the Internet (i.e. The WallStreet Journal), new media companies (i.e. Netflix), news aggregators (i.e. Flipboard) and many others⁵⁶. It is a rapidly changing and highly competitive industry that enables its participants to come up with certain innovations and implementations continuously. The industry is often affected by laws and regulations (i.e. GDPR) or governmental regulations. In 2019, when people are quite demanding regarding what they want to receive and how fast, it can be challenging for companies to keep up with the speed.

However, the Internet Content and Information industry is a broad term for Twitter as it does not reflect the situation fully as it is. Twitter's *direct* — *and the biggest* — *competitors* are Facebook, Snapchat, LinkedIn and Google. Direct competition comes from the fact that these companies are perceived to be social media platforms (except for Google) which, in the eyes of Internet users, provide very similar services to the public (entertainment content and news examining).

A similar business model differentiates Twitter and its competitors from the rest of the Internet Content and Information industry; hence the companies form a sub-industry called “social media advertising” — an industry that is going to be mainly discussed in the following sections of the paper. However, not all of Twitter's competitors are the social media advertisers (i.e. Flipboard), thus the whole condition of Internet Content and Information industry is still important and will be briefly mentioned.

9. Competitive environment

The section will cover Twitter's competitive environment. There is going to be a division between the two types of competitors: *direct competitors* — that are in the social media advertising industry — and *indirect competitors* — companies that have a different business model and belong to the news aggregators industry. Direct competitors are Facebook, Snapchat, Google, and LinkedIn.

Twitter competes with its competitors all over the world as the social media advertising industry implicates international presence. For simplicity and more accurate metrics showing the

⁵⁶ “Internet Content.” *Vault*, <https://www.vault.com/industries-professions/industries/internet-content>.

performance, the majority of the companies divide their markets into the US one and the international one, however, such division is not specifically important for this paper.

9.1 Key competitors

9.1.1 Direct competitors

Facebook is an American social media company with its net income reaching \$22,112 billion mark in 2018. This number made Facebook the richest social media in the world.

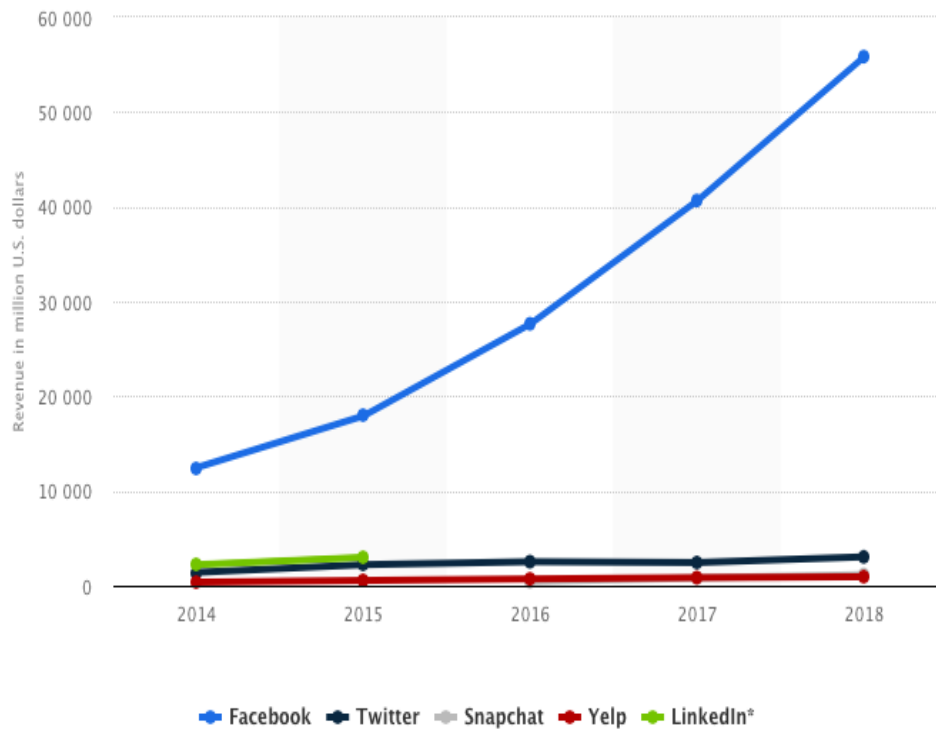


Figure 8. The chart shows a comparison between popular social media platforms in terms of their yearly revenue. Facebook is the richest social media company in the industry making approximately six times more money than its competitors. Source: Statista.com⁵⁷

Due to its popularity and strong mission statement — “to give people the power to build community and bring the world closer together”⁵⁸ — that differentiates the company from its competitors, Facebook managed to build a strong and active audience: the DAUs number reached 1.56 billion people in Q1’19, which is a 7.8% YoY growth⁵⁹. However, it is needed to take into account that Facebook owns other world-known companies, such as Instagram and Whatsapp, which makes it easier for them to reach their numbers and increase brand presence. Being a direct

⁵⁷ “Social Media: Revenue of Selected Companies 2018.” *Statista*, <https://www.statista.com/statistics/271582/revenue-of-selected-social-media-companies/>.

⁵⁸ “FAQs.” *Facebook - Resources*, <https://investor.fb.com/resources/default.aspx>.

⁵⁹ Reyes, Mariel Soto. “Scandals and Teen Dropoff Weren’t Enough to Stop Facebook’s Growth.” *Business Insider*, Business Insider, 26 Apr. 2019, <https://www.businessinsider.com/facebook-grew-monthly-average-users-in-q1-2019-4>.

competitor of Twitter, Facebook also makes money through advertising and having a large amount of user data, the company focuses on targeted marketing. FacebookAds cover a bigger number of marketing and advertising objectives than Twitter (11 vs. 8) which means that a bigger number of ad sellers' needs are covered.

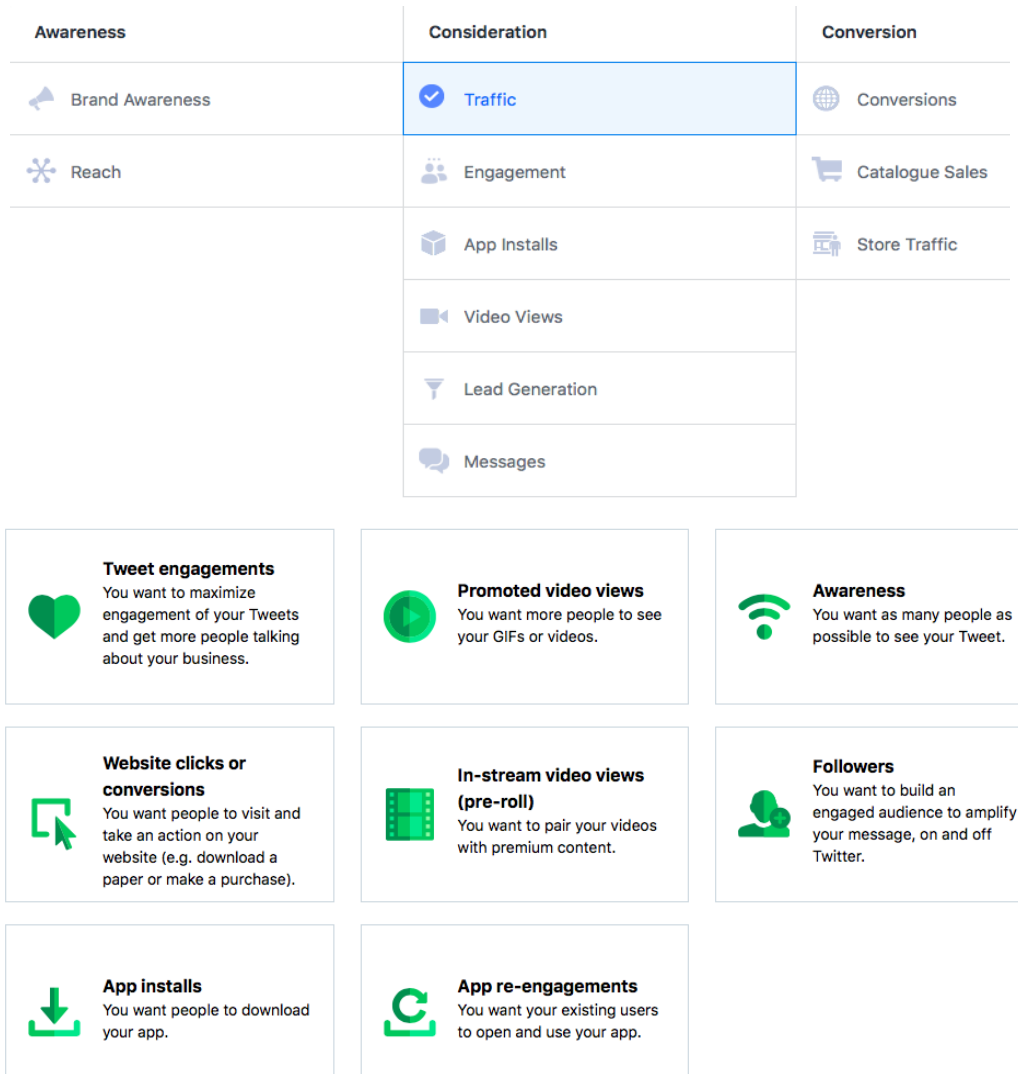


Figure 9. The figures show a difference between TwitterAds (green) and Facebook Ads (blue). Currently, Facebook can offer more advertising options covering different marketing and advertising objectives than Twitter by that satisfying and attracting more ad sellers. Source: Facebook.com and Twitter.com

In addition to that, Facebook offers better metrics to ad sellers due to a bigger audience, a wider presence.

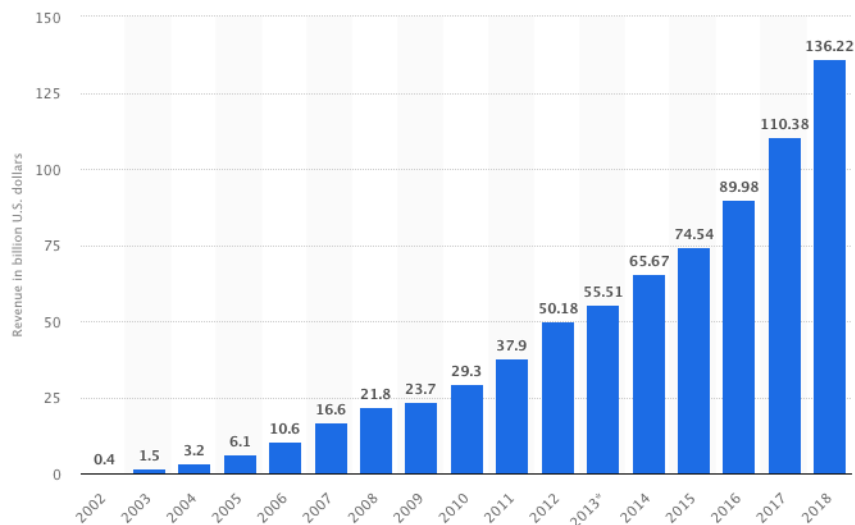
Additionally, while Twitter is great for “hot” topics (i.e. trends — politics, sports, events), Facebook is great for advertising everything else (i.e. the product does not have to be a trend right

now). That means when promoting a “normal” — not “hot” — product, the metrics (reach number, engagement number, cost per click and so on) are going to be higher with FacebookAds rather than with Twitter Ads.

LinkedIn is a social network for a specific target market — professionals. It is used for building your business brand, presenting yourself to companies, and creating a network system. With the annual report 2018 being unavailable to the public, it is not possible to gather the exact number of MAUs, however, the total user count exceeded 645 million people⁶⁰. LinkedIn’s revenue that comes from advertising, makes up only 18% of the total revenue⁶¹.

LinkedIn and Twitter are quite differentiated. With a focus on specific customer segments, businesses, advertising on LinkedIn is more effective than Twitter. Even though there is an option to select the target group on Twitter, promoted tweets can still be shown to uninterested users, while LinkedIn is a community of concerned and engaged professionals. That makes LinkedIn a “go to” social media when a professional relationship, high engagement, and a wider network system, as a result, are needed. Thus, even though LinkedIn and Twitter are very different, LinkedIn’s services make Twitter unattractive for a number of people.

Google is a technology company, one of the most popular search engines in the world. The company has a few revenue streams, with its most popular one being advertising.



⁶⁰ Investopedia. “How Does LinkedIn Make Money?” *Investopedia*, Investopedia, 22 Sept. 2019, <https://www.investopedia.com/ask/answers/120214/how-does-linkedin-lnkd-make-money.asp>.

⁶¹ Investopedia. “How Does LinkedIn Make Money?” *Investopedia*, Investopedia, 22 Sept. 2019, <https://www.investopedia.com/ask/answers/120214/how-does-linkedin-lnkd-make-money.asp>.

Figure 10. The chart shows Google's advertising revenue from 2001 to 2018 in billion US dollars. Based on the graph, it is clear that Google is the richest competitor in the industry and is the most popular among all ad sellers. Source: Statista.com⁶²

Google has started advertising a long time before any other social media advertising company, thus it has been on the market the longest and managed to earn its customers' trust. Moreover, being a search engine, Google has a huge engagement, which combined with people's trust (both engine users and business accounts), ensures that Google is a great advertising platform with more than attractive metrics in terms of customer engagements. However, this is also a disadvantage: because of its popularity, people need to invest more money for their results to be ranked on the first page. Additionally, people need to have a strong knowledge of SEO and engage in research on keywords to be more successful. Such competition between ad sellers is stronger on Google than on any other advertising platform.

Snapchat is a relatively new social media that is used for sharing pictures, videos, and messages between "friends" (i.e. people who you've added on Snapchat). One of the most distinctive characteristics of the company is that pictures and videos are deleted permanently after they have been opened.

Currently, Snapchat is in a relatively unstable position. The company is losing DAUs (from 191 million people in Q1'18 to 186 million people in Q4'18) due to negative feedback from popular celebrities (i.e. Rihanna and Kylie Jenner)⁶³ that influence teenagers a lot (13-24 years old is the main user group on Snapchat⁶⁴). The stock price even hit \$4.99 in December 2018⁶⁵. Despite that, the company managed to improve its financials in the Q1'19 and Q2'19 and increase its stock price and metrics due to certain developments and innovations. When compared to Twitter, even with negative publicity Snapchat has a higher DAUs number (186 million compared to Twitter's 126 million in December 2018). That can be attributed to the fact that in contrast to Twitter, Snapchat can deliver its mission statement - "*Our products empower people to express themselves, live in the moment, learn about the world, and have fun together*"⁶⁶. Users are not confused about the company's services and it is very clear what value can be brought when using the app.

⁶² "Google: Ad Revenue 2001-2018." *Statista*, <https://www.statista.com/statistics/266249/advertising-revenue-of-google/>.

⁶³ Ghosh, Shona. "6 Reasons Snapchat Is Losing Its Popularity." *Business Insider*, Business Insider, 5 Feb. 2019, <https://www.businessinsider.com/snapchat-losing-popularity-social-media-app-facebook-tiktok-2019-1>.

⁶⁴ Bell, Karissa. "Snap's Plan to Fight Facebook Is Bold." *Mashable SEA*, 6 Apr. 2019, <https://sea.mashable.com/tech/3110/snaps-plan-to-fight-facebook-is-bold>.

⁶⁵ Eckstein, Jakob. "Like All Social Media Giants, Snapchat's Business Is All about Ads." *Investopedia*, Investopedia, 24 Sept. 2019, <https://www.investopedia.com/articles/investing/061915/how-snapchat-makes-money.asp>.

⁶⁶ "Snap Inc. Mission, Vision & Values." *Comparably*, <https://www.comparably.com/companies/snap/mission>.

9.1.2 Indirect competitors

News aggregators, such as Flipboard, Apple News, or BuzzFeed, are indirect competitors due to a different business model from Twitter — the majority of their revenue comes from the subscription (even though they provide advertising options). There are many news aggregator websites and there is no specific aggregator that would compete with Twitter directly. Despite them having all news in one place and providing access to customers, which means people are not inclined to read the news elsewhere, news aggregators cannot offer what offers Twitter — ability to discuss the news with others. Those who will want to share their opinion will do it on social media websites, most likely Twitter.

Additionally, news aggregators face a negatively looking future. It is not beneficial for publishers to post their stories on other platforms: for starters, when someone reads a story on a news aggregator app, publishers do not receive user data which harms potential target marketing and customization⁶⁷. The brand image is also being threatened as customers do not differentiate the original source of the article and the news aggregator that posts the article.

However, news aggregators still pose a threat to Twitter when it comes to the mDAU count. Those who read the articles somewhere else first, might not go on Twitter to discuss anything. Since the number of Twitter mDAUs has been discussed in public and has raised concerns among investors, even a slight decline is unwelcome and can harm the perception of the company.

9.2 Competitive analysis

Google, Facebook, LinkedIn, and Snapcat pose a threat to Twitter as they have better metrics and better engagement due to their well-articulated differentiation characteristics.

The competitive advantage that **Facebook** has is its strong brand reputation and popularity in the world. It allows users to connect with friends, relatives, people from the school they went with — everyone who they want to stay in touch with but do not have the time to do so in real life. Thus, the platform is highly demanded and that means that the majority of existing and potential customers for businesses spend a lot of time on Facebook. As a result, it is almost impossible not to find a customer for your product there.

The competitive advantage that **LinkedIn** has is its focus on a niche segment — business professionals — and the ability to meet the needs of the users. Because the ad sellers want to

⁶⁷ Jardine, Jimme. “Can Publishers Rely on News Aggregation for Healthy Revenues? We Don't Think so!” *Medium*, Medium, 10 Aug. 2018, <https://medium.com/@jamatto/can-publishers-rely-on-news-aggregation-for-healthy-revenues-we-dont-think-so-1abe5f7ec06a>.

promote very specific content that would not be interesting to the majority of people, other social media companies might be a waste of time and money. At the moment, LinkedIn is the best platform for B2B ad sellers: user profiles are updated frequently (i.e. targeted advertising is more specific) and it is possible to target employees of certain companies if needed.

The competitive advantage that **Google** has is its speed, relevant search results for commanded keywords, and access to information all over the world. Because of that, Google has a massive reach of people. Also, Google has certain parameters by which ad sellers can target that are not available on other platforms: audience can be narrowed down by the browser they are using or by the time of a day; ad sellers can play with the “key search” setting.

The competitive advantage that **Snapchat** has is its fun environment and the ability to “fool around”. Because pictures and videos are deleted almost immediately and people receive notifications when someone takes screenshots of their content, users can just have fun with masks and take “silly” (i.e. meant-for-friends-don’t-take-this-seriously) pictures. In a study conducted by the company itself, it was revealed that 95% of the users said that the app makes them feel happy⁶⁸.

Overall, each of the competitors has a unique characteristic that differentiates the company from its competitors and that makes users come back. Yet, as mentioned in *Section 2.1 Brief Company overview*, Twitter has something that can be turned into a competitive advantage quite soon — “responsible media outlet” positioning. That is due to the fact that neither of the other social media companies have anything similar. Moreover, Facebook, the most direct competitor, was often criticized for spreading lies⁶⁹.

There is another possible source of competitive advantage for Twitter — focus on user experience in terms of customization through acquisitions. In the past, Twitter bought companies such as Periscope (an app that helps to broadcast videos) or TapCommerce (a company that helps to “improve mobile installation and engagement advertisements”)⁷⁰, but it has been a while since Twitter acquired someone new. By doing that, the company might introduce new services to its users (services that are not provided by other social media companies), make the process of setting TwitterAds smoother, and leave the users overall happier.

⁶⁸ “Snapchat Makes Users ‘Happy,’ Snap Says.” *Bizjournals.com*, 10 Jan. 2019, <https://www.bizjournals.com/losangeles/news/2019/01/10/snapchat-makes-users-happy-snap-says.html>.

⁶⁹ Conger, Kate. “Twitter Will Ban All Political Ads, C.E.O. Jack Dorsey Says.” *The New York Times*, The New York Times, 30 Oct. 2019, <https://www.nytimes.com/2019/10/30/technology/twitter-political-ads-ban.html>.

⁷⁰ Gorton, David. “Top 7 Companies Owned by Twitter.” *Investopedia*, Investopedia, 24 Oct. 2019, <https://www.investopedia.com/articles/insights/082216/top-8-companies-owned-twitter-twtr.asp>.

9.3. Strategic Group Map

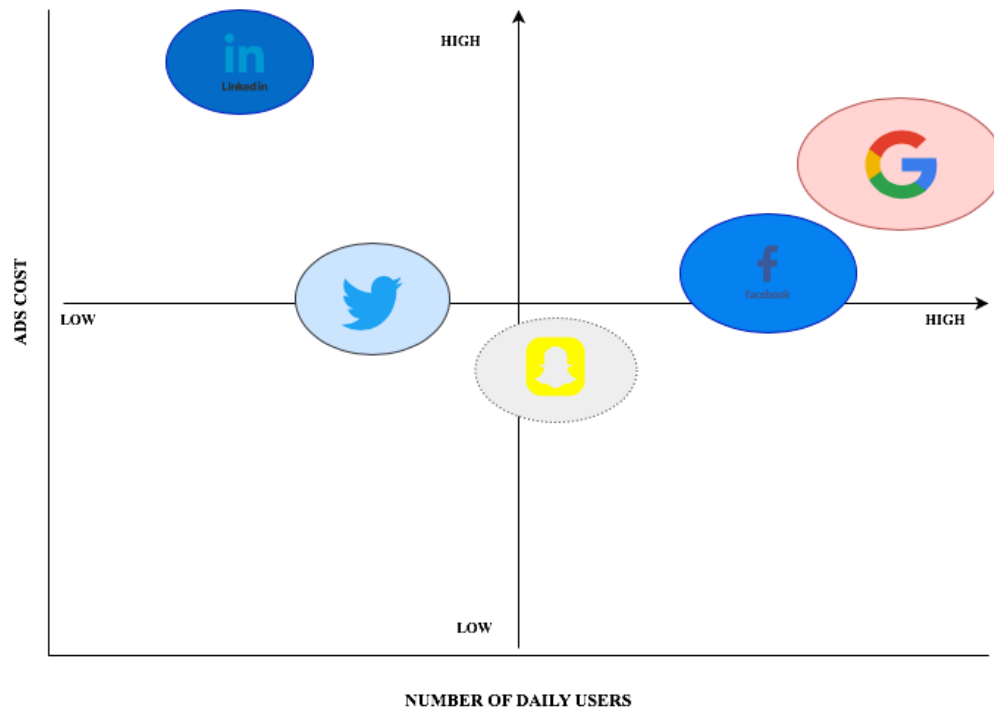


Figure 11. The chart shows Strategic Group Map for Twitter’s closest competitors based on two criterias: number of DAUs and cost per click for each ad. The forces are of crucial importance in the industry. The circle sizes represent the overall size of the company compared to each other. Author: Ekaterina Belova.

The above strategic group map shows 5 main competitors: Twitter, Google, Facebook, LinkedIn, and Snapchat. The analysis was based on two important criteria: number of DAUs and cost per click (*further CPC*). The factors are of significant importance as ad sellers often look at these numbers to decide which media would be the best to advertise on.

Twitter has one of the lowest numbers of mDAUs while Google and Facebook are definite winners with the numbers prevailing a billion mark. Yet, despite the lowest number, LinkedIn, with its 121 million people⁷¹, is the only platform that targets a very specific market and, as a result, the CPC is the highest out of them all (i.e. up to almost \$6)⁷². Thus, even though the DAU number is important, it alone does not mean success. Other social media’s average CPC is much lower: Facebook’s is around \$0.90-\$1.72, Twitter’s is around \$0.53, Google charges \$1-\$2. However, the numbers are quite relative and do not reflect the situation 100% as it is. For instance,

⁷¹ “46 Eye-Opening LinkedIn Statistics for 2019.” *99firms.Com*, 9 May 2019, <https://99firms.com/blog/linkedin-statistics/>.

⁷² “How Much Do Ads Cost on Instagram, Facebook, Twitter & LinkedIn?” *Falcon.io*, 8 Jan. 2019, <https://www.falcon.io/insights-hub/topics/social-media-roi/how-much-do-ads-cost-on-facebook-instagram-twitter-and-linkedin-2018/>.

different industries would cost differently on Facebook; for instance, “travel and hospitality” would be \$0.63 while the “finance” industry would cost \$3.77 per click⁷³. All costs are affected by the industry, a number of other promoted posts, seasonality and other factors, which is why they are quite changeable. Hence, ad sellers need to take into account all of those factors instead of relying just on the CPC and the DAU count.

⁷³ Law, Tom J. “How Much Does Facebook Advertising Cost in 2019?” *Oberlo*, Oberlo Dropshipping App., 20 Aug. 2019, <https://www.oberlo.com/blog/facebook-advertising-cost>.

10. Porter's five forces

10.1 Bargaining Power of Buyers

Bargaining power of buyers (ad sellers) is high for the social media advertising industry. Since all players in the industry rely on advertising as the major source of revenue, many ad sellers have little cost switching from one company to another to promote their products. Consequently, if any of the companies decide to increase their revenue by charging higher prices, they risk losing some of its customers.

10.2 Bargaining Power of Suppliers

Bargaining Power of Suppliers (server, storage, software providers) is moderate for the social media advertising industry. It is filled with giant players (such as Facebook, Snapchat, Google, Twitter) who have a lot of power, however, all of them need help from third parties in order to have smooth processes and enough storage to have all the data. It is believed the prices of suppliers might increase as technologies get more advanced every day and the costs of R&D (as well as other operating expenses) go up.

10.3 Threat of New Entrants

The threat of new entrants is moderate for the social media advertising industry. Even though existing players invest millions and billions of dollars in its marketing and sales, new companies, when having innovative ideas, do not have too many difficulties entering the industry. The entry barriers are low and customers want more and more innovations, *trends*, with each passing year. For instance, TikTok, the most recent social media, that was launched in 2016 has managed to reach the mark of one billion monthly active users and has become a huge hit⁷⁴.

10.4 Threat of Substitution

The threat of substitution is relatively high for the social media advertising industry. Social media that specialize in advertising are as popular as ever yet they do not create the whole marketing campaigns as advertising agencies do. Buying ads from those social media giants helps to introduce a product to a bigger audience, however, it is impossible to sit with real people from ad agencies and discuss business objectives and expectations, to listen to some advice and tips. Specifically, social media only help with “how” to advertise instead of “why” to advertise this way. The whole process is very automated and not personalized.

⁷⁴ Pham, Sherisse. “The Company That Owns TikTok Now Has One Billion Users and Many Are Outside China.” CNN, Cable News Network, 20 June 2019, <https://edition.cnn.com/2019/06/20/tech/tiktok-bytedance-users/index.html>.

10.5 Rivalry Among Existing Competitors

The rivalry among existing competitors is extremely high. The demand for better content, exclusive news, and value is increasing every day as customers become more picky and selective. Simultaneously, the active user number and audience engagement are the most important metrics for add sellers; hence, to keep getting revenue competitors have to constantly attract more engaged users and position itself differently from other players. Consequently, when one company adds new features, others follow — otherwise they will be unable to compete in the future. The constant race to predict what the users will want in the future and to implement those changes makes the last Porter's force the fiercest one.

10.6 Porter's 5 Forces Analysis Conclusion

Based on the above analysis, it is clear that the social media advertising industry is not looking highly attractive to companies (current players and potential entrants). Existing players face a highly demanding audience that, in turn, creates an immense competition. There are certain limitations for businesses as they heavily depend on its users; their approval of new implementations is crucial to the existence of the companies. New companies might pose a threat — if the idea is unique and attractive for customers — and there is a certain threat in terms of substitution. Many want an individual approach and real help instead of standardization.

11. Critical Success Factors

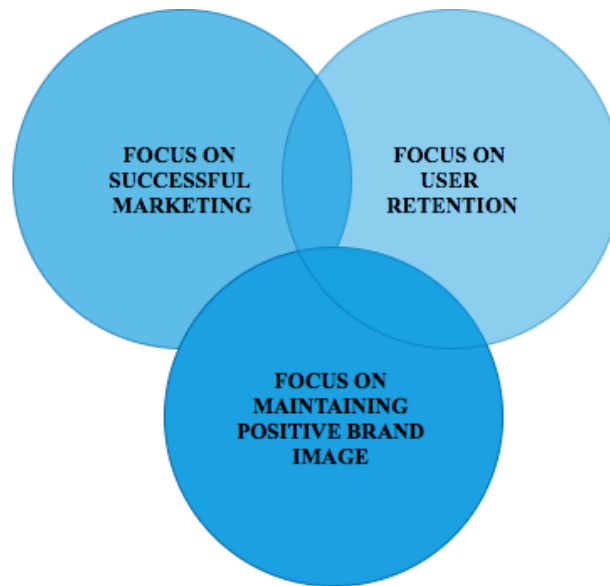


Figure 12. The graph above shows Twitter's Critical Success Factors that need to be improved to gain competitive advantage.

They are focus on successful marketing, focus on user retention, and focus on maintaining a positive brand image. Source:

Ekaterina Belova.

The first critical success factor is a focus on successful marketing. Being able to advertise its services and core competencies is crucial for attracting customers. Those characteristics that bring value to Twitter — a sense of unity and a chance to talk to brand and celebrities (*discussed in Section 2. Strategic overview*) as well as the new positioning — are simply not articulated well enough. As described in *Section 2.1 Brief Company overview*, there was confusion about what value Twitter could bring to its users and everybody was aware of the negative environment of the company, yet people did not know about the changes (suspension of bots). Thus, to change that, the company needs to focus on its PR and advertising campaigns to promote their services. That in return will help to change the perception about brand image and attract new customers.

The second critical success factor is a focus on user retention. That strongly correlates with the mDAU count that makes up an attractive metric for ad sellers. Simply, without consistently high user count, there will be no revenue growth for the company. While successful marketing will help Twitter to get new users, the company needs to create a plan on how to retain these users and make them come back. To do that, Twitter needs to keep focusing on creating a pleasant experience but also on conducting a weekly or monthly analysis of the industry and the market. The company needs to understand what drives its users (and potential users), their values,

wants, and needs. Only having that information Twitter can tailor the platforms' features and the content to meet customer demand.

The third critical success factor is maintaining a positive brand image. Reputation is the key when it comes to the social media advertising industry. Negative environment pushes away potential buyers (like it happened with Salesforce), account users and ad sellers. To be competitive, Twitter needs to change the perception of people who are still reluctant to use the company's services. That can be addressed through revision of the mission and vision statements or increased positive publicity. Twitter can also change certain features on the website/mobile app to make it more customized. This factor is a critical point — if the brand image is not fixed, Twitter might lose the remains of trust and then it will be impossible to have any competitive advantage at all.

12. Core competencies

Twitter has two core competencies.

By being a multi-sided platform, Twitter has positioned itself as a company that connects brands (both companies and public people) and their buyers. Since customer relationship management is vital to a company's success, the majority of companies and celebrities worldwide try to engage with their customers on social media, more specifically, on Twitter. Communicating on Twitter with followers is a fast, free, and reliable way to gather the target market needs and concerns, and show appreciation for them; thus, Twitter is very helpful when it comes to business marketing, positioning and brand building. In return, brands' followers also join Twitter in hopes to talk to celebrities or companies. As a result, everyone is connected to everyone in a way that other social media cannot offer. Instagram is the only social media that can offer a relatively similar service, however, it is mostly used for announcing news (in terms of uploading pictures with captions) but it is quite hard for brands to communicate with their followers on there.

That does not necessarily bring Twitter money (unless those brands set up Twitter Ads) yet it drives mDAUs number up and differentiates the company from its competitors.

The second core competency is a focus on customers and what they want in terms of the news feed. The biggest example of that is the lack of "forced" content on Twitter in contrast to Facebook's algorithms. It often happens that when users are scrolling down their news feed, they see posts of other people (not advertised content) that Facebook thinks are interesting to them. While sometimes it can be useful, oftentimes it is irrelevant. Realistically speaking, Facebook is dictating its users what content to see instead of letting them choose for themselves. Twitter never

posts anything on users' timelines except for advertised tweets that are marked as "promoted content". In case users find that content irrelevant, they can often mark it as such and not see it anymore.

13. Critical Success Factors And Core Competencies Conclusion

Without focusing on its critical success factors — successful marketing, focus on user retention, and maintaining positive brand image — Twitter will not be able to improve their current situation and become a solid player in the industry. There are two core competencies that, when properly delivered to the public, can change the company's business (along with financials) for the best. To gain competitive advantage, Twitter needs to put its core competencies in the middle of its operations and base everything else — strategy, activities, partnerships — around them.

14. SWOT Analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Lack of forced content on users' timelines that allows users to see what they want to see 2. Users have an exceptional chance to communicate with brands and celebrities 3. Users have access to real-time content due to unique deals with partners 4. Exceptional sense of unity for users 5. Lack of misleading advertising 	<ol style="list-style-type: none"> 1. Inability to attract new customers and retain existing ones 2. Lack of management focus on a strategy that resulted in financial losses 3. Lack of management focus on improving brand image and increasing customer awareness
Opportunities	Threats
<ol style="list-style-type: none"> 1. Increase the mDAU count and revenue through unique partnerships with celebrities and brands 2. Improve market positioning through focus on customer relationship management and customer experience management 3. Increase customization and revenue through new acquisitions 	<ol style="list-style-type: none"> 1. Increasing strictness in regulatory changes that might limit the business 2. Intensifying competition due to continuously growing social media industry popularity 3. Possible political scandal due to Twitter's ban on political ads

14.1 Strengths

1. *Lack of forced content on users' timelines that allows users to see what they want to see (please see section 12. Core Competencies)*

This is a strength for Twitter because users never see anything irrelevant (to them) on their timelines. With Twitter, it is “you see what *you* want to see” and not “you see what *we* want you to see”. That helps users to have a pleasant experience online without being disturbed with content they are not interested in.

2. *Users have an exceptional chance to communicate with brands and celebrities (please see section 2.1 Brief Company Overview and section 12. Core competencies)*

This is a strength for Twitter because it is the only platform that provides a chance for regular people to engage in conversations with their idols on a daily basis. Twitter's business model (multi-sided platform) partly applies to psychology as a fascination with celebrities is based on a

desire to be identified with people who seem to have a perfect life and communicating with them is one of the strongest forces. As a result, celebrities and brands drive the mDAU up daily. *Please see Appendix for examples.*

- 3. Users have access to real-time content due to unique deals with partners (please see section 3.7 Key Partnerships)*

This is a strength for Twitter because those strategic alliances ensure Twitter offers exclusive content to its users right after an event has happened. With the management's desire to be "the go-to" company, the speed and uniqueness of the offered content are crucial aspects. Currently, the company is known for its immediate updates on the world's events.

- 4. Exceptional sense of unity for users (please see section 2.1. Brief Company overview)*

This is a strength for Twitter because it applies to a basic psychological need — being part of a group. Now, Twitter is not just a place to find the news, it is the place to discuss the news and receive support. Whether it is about a campaign to save a tv show or a social movement, such as #MeToo (a movement against sexual harassment), people receive a lot of positive comments and encouragement which makes the experience more pleasant; as a result, people come back. *Please see Appendix for examples.*

- 5. Lack of misleading advertising (please see section 2.1 Brief Company overview)*

This is a strength for Twitter because such positioning — as honest as possible platform — facilitates more trust and respect from current and potential customers. Users, knowing there is no chance for them to see advertised misleading content, unless they choose to follow those people, have more incentives to use the platform.

14.2 Weaknesses

- 1. Inability to attract new customers and retain existing ones (please see section 11. Critical Success Factors)*

This is a weakness for Twitter because with a low number of users, the company faces a serious threat: no ad seller will set up Twitter Ads if only a limited number of people will see the tweet. The major goal behind all ads is to reach the biggest possible number of users; hence, if Twitter does not offer attractive metrics, ad sellers have zero costs switching to other social media.

- 2. Lack of management focus on a strategy that resulted in financial losses (please see section 7. Financial Analysis)*

This is a weakness for Twitter because the company had been operating at a net loss until 2018. To increase at least its operating expenses, Twitter had to cut back on such expenses as Marketing and R&D. Yet, the majority of that could have been avoided if the management found a strategy that would have guided them from the beginning. A lot of decisions that Twitter makes now do not produce highly positive results as there are still many changes that need to be undertaken (*discussed in detail in Section 18. Recommended Strategy*)

- 3. Lack of management focus on improving brand image and increasing customer awareness (please see section 11. Critical Success Factors)*

This is a weakness for Twitter because it is one of the main reasons why the company is unable to grow its mDAU count significantly. Twitter did not focus on user satisfaction in the past (by allowing bots and fake accounts to spread hate) and, as a result, has a weak brand perception now. Lack of marketing activities and rewritten mission and vision statements make the potential customers unaware of the changes that have been happening with the company lately.

14.3 Opportunities

- 1. Increase the mDAU count and revenue through unique partnerships with celebrities and brands (please see section 12. Core competencies)*

This is an opportunity for Twitter because these two user groups (celebrity users and brand accounts users) drive user count up greatly. There could be both paid agreements (Twitter paying brands and celebrities for advertising posts) or mutually beneficial agreements (aka barter). As a result, brand awareness and brand perception will be improved. Moreover, Twitter will be perceived as more trustworthy — if well-known people and corporations work with Twitter, it means they are not afraid for their reputation. Thus, more users will consider Twitter safe.

- 2. Attract more customers through improved market positioning with the help of Customer Experience Management (CEM) (please see section 11. Critical Success Factors)*

This is an opportunity for Twitter because by changing the way the brand is perceived, the company will be able to attract more customers and increase profits. One of the most basic, yet effective ways for Twitter to achieve that is to focus on CEM — an activity barely performed in the past. By obtaining user feedback regarding their experience on the website and app, Twitter will be able to add more activities and eliminate the ones that are not necessary. Moreover, Twitter

will be able to create a personal connection — something that is highly welcomed by users. As a result, brand loyalty will be increased.

3. *Increase customization and revenue through new acquisitions (please see section 9.2. Competitive analysis)*

This is an opportunity for Twitter because by acquiring new companies the company can expand advertising services it offers to its users. Right now, the services are not that differentiated from the competitors' offers, but a wider variety and the uniqueness might attract new users, specifically ad sellers, that were reluctant to work with Twitter before. Moreover, mergers and acquisitions bring more attention in the media world and this can be an additional way for Twitter to advertise itself.

14.4 Threats

1. *Increasing strictness in regulatory changes that might limit the business (please see section 4.2. Data management)*

This is a threat for Twitter because of how much attention privacy and data protection have been receiving in the past couple years. Despite GDPR that became effective in 2018, Twitter still leaked some of the personal information to third parties⁷⁵. Combined with how much attention the social media advertising industry gets (due to various scandals with Facebook leaking users' data), Twitter needs to be extra careful. It is possible that in the next couple years, the governments will only increase strictness in regulatory changes and increase the fine the companies have to pay in case of breaking the regulations.

2. *Intensifying competition due to continuously growing social media industry popularity (please see section 10.3. Threat of New Entrants)*

This is a threat for Twitter because due to the industry's popularity and low barriers to entry there are more new competitors (with unique ideas) that enter the industry. The most solid example would be TikTok: in less than three years, the company has become one of the largest social media in the world. Given Twitter's unstable position, if new companies have strong business models (i.e. tailored activities, core competencies, and so on) from the start, Twitter has high chances of giving market share to them and losing both users and money.

3. *Possible political scandal due to Twitter's ban on political ads (please see section*

⁷⁵ "An Issue with Your Settings Choices Related to Ads on Twitter." *Twitter*, Twitter, <https://help.twitter.com/en/ads-settings>.

2.4. Vision of the Company)

This is a threat for Twitter because such a radical decision to stop advertising anything that “advocate for or against legislative issues of national importance”⁷⁶ will bring a lot of dissatisfaction with the company. Despite wanting to be an honest company, Twitter might have gone too far: apart from political campaigns, the company also wants to ban immigration, health care, and climate change ads⁷⁷. There is a line between being “honest” and preventing “free speech”, which is one of the main platform’s aspects, and if the line is crossed, Twitter might be highly criticized in the media.


14.5 SWOT Analysis Conclusion

Twitter’s strengths, which include lack of forced content, lack of misleading promoted tweets, strong focus on live content, creation of a connection between celebrities and regular users, and a strong sense of unity for users, has helped the company to operate even at the most difficult times. Twitter’s weaknesses — inability to attract customers, lack of a working strategy, and poor brand image — weaken Twitter’s positioning in the market and need to be addressed by the management. The opportunities that Twitter faces, such as unique partnerships with celebrities and brands, focus on customer experience and customization, will help the company to eliminate weaknesses of the company and gain competitive advantage. At the same time, Twitter needs to be aware of regulatory changes, intensifying competition, and currently unclear situation with its ban on political ads. All of these factors should be considered and evaluated by Twitter when creating a new strategy.

⁷⁶ Conger, Kate. “Twitter Will Ban All Political Ads, C.E.O. Dorsey Says.” *The New York Times*, The New York Times, 30 Oct. 2019, <https://www.nytimes.com/2019/10/30/technology/twitter-political-ads-ban.html>.

⁷⁷ Conger, Kate. “Twitter Will Ban All Political Ads, C.E.O. Dorsey Says.” *The New York Times*, The New York Times, 30 Oct. 2019, <https://www.nytimes.com/2019/10/30/technology/twitter-political-ads-ban.html>.

15. TOWS Matrix

	<p>Strengths:</p> <ol style="list-style-type: none"> 1. Lack of forced content on users' timelines that allows users to see what they want to see 2. Users have an exceptional chance to communicate with brands and celebrities 3. Users have access to real-time content due to unique deals with partners 4. Exceptional sense of unity for users 5. Lack of misleading advertising 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. Inability to attract new customers and retain existing ones 2. Lack of management focus on a strategy that resulted in financial losses 3. Lack of management focus on improving brand image and increasing customer awareness
<p>Opportunities:</p> <ol style="list-style-type: none"> 1. Increase the mDAU count and revenue through unique partnerships with celebrities and brands 2. Attract more customers through improved market positioning with the help of Customer Experience Management (CEM) 3. Increase customization and revenue through new acquisitions 	<p>2(S), 3(S), 5(S) + 1(O) To attract potential users and boost sales, Twitter should focus on advertising its strengths and its services through unique deals with celebrities and brands.</p> <p>4(S) + 2(O) Twitter should increase its mDAU count and revenue by increasing brand loyalty through positioning itself as a platform that can offer support and encouragement to its users.</p>	<p>1(W), 3(W) + 2(O) Twitter should change its brand perception by obtaining detailed feedback from users and using the results to customize the platform to facilitate a more personal approach to both ad sellers and account users</p> <p>1(W) + 3(O) Twitter should attract and retain potential ad sellers by offering new possible features that will make the use of TwitterAds more rewarding.</p>
<p>Threats:</p> <ol style="list-style-type: none"> 1. Increasing strictness in regulatory changes that might limit the business 2. Intensifying competition due to continuously growing social media industry popularity 3. Possible political scandal due to Twitter's ban on political ads 	<p>3(S) + 2(T) Twitter should minimize the threat of intense competition by keeping its focus on supplying the real-time news that greatly differentiate the company and bring real value to the users.</p>	<p>2(W) + 2(T) Twitter should improve its current financial situation by focusing on new activities that would enhance current strategy and help the company to gain competitive advantage.</p>

15.1 Strategic Alternatives

Strategic Alternative 1: 2(S), 3(S), 5(S) + 1(O)

To attract potential users and boost sales, Twitter should focus on advertising its strengths and its services through unique deals with celebrities and brands.

Not having this kind of partnership in the past is one of the lost opportunities for Twitter. Even though tweets are used as a journalistic source now and everybody knows about Twitter, people are not educated enough to know about the real value of Twitter. Thus, there should be any possible format to target more people and introduce Twitter's strengths. People should know that "if you want up to the second news, you go to Twitter" and that, apart from Facebook, Twitter is taking responsibilities for the content that is being advertised, by not allowing politicians to advertise lies.

To affect younger audience, it makes sense to partner with popular celebrities. For instance, Twitter could implement Affiliate Marketing and, in exchange, offer more bonuses to celebrities. Another way — with involved payouts — is to come up with deals where celebrities post unique updates regarding their "businesses" on Twitter only and promote their Twitter accounts on other social media (mainly, Instagram).

Strategic Alternative 2: 1(W) + 3(O)

Twitter should attract and retain potential ad sellers by offering new possible features that will make the use of TwitterAds more rewarding.

Even though the majority of Twitter's efforts need to be directed at regular users who make up the majority of daily users, the company also needs to focus on ways to attract ad sellers who bring the money. By acquiring new companies that will bring in new features and help ad sellers to reach more marketing and advertising objectives, Twitter will improve its value chain. Accordingly, that will help Twitter to meet the demand of potential customers — those who do not find Twitter Ads services to be tailored to their needs currently (for instance, Twitter does not offer "Conversions" or "Lead Generations" marketing and advertising objectives as for now, *more details in Section 9.1.1 Direct competitors*). While diversification might be out of reach for Twitter for a while, in contrast to Facebook's expansion strategies, it can implement a product development strategy.

For instance, these days video ads are more powerful than pictures and Twitter can take advantage of that. It can acquire some of the video companies, such as Take1Ads or Eyeview, that will help ad sellers to better understand statistics and base further advertising strategies on that data.

Strategic Alternative 3: 1(W), 3(W) + 2(O)

Twitter should change its brand perception by obtaining detailed feedback from users and using the results to customize the platform to facilitate a more personal approach to both ad sellers and account users.

One of the ultimate goals of Twitter is to focus on its user and their experience on the website and in the app. By making user satisfaction its guideline, the company will be able to improve its value chain, tailor all of its activities, avoid financial losses and achieve cost savings.

Twitter needs to focus on getting users' feedback through various channels: interviews, surveys on the website, focus groups. By receiving such insight, the company will know what truly motivates its user base and what makes them happy. As a result, Twitter will be able to implement many changes.

One survey revealed: with each passing year demand for customization is only increasing⁷⁸. Twitter needs to take advantage of that since other social media advertising companies are highly technologized. For instance, one of the possible ways to improve its brand perception is to provide an option of setting up a video conference between ad sellers and the companies that offer advertising solutions (Twitter's partners). Ad sellers will find it attractive to have support at every step of the way whenever needed; because of that, Twitter might be able to differentiate itself greatly.

16. Current Strategy Restated

Twitter's current strategy is to have a customer and revenue growth through creation of a safe environment. To achieve that, Twitter suspends suspicious accounts, expands rules that prevent bullying and violence, and customizes the website and the mobile app.

17. Strategic Question Restated

Twitter's Strategic Question is the following: Despite having an innovative idea, Twitter was lacking in differentiation and it can be seen in their financial records. Even with increasing numbers, the company had been operating at a net loss from 2010 to 2017 (i.e. in 2015, their net loss was \$-521 million, while in 2017 it was \$-108 million⁷⁹). Due to a strong lack of differentiation, the company had been unable to grow its user count: even with monetizable Daily

⁷⁸ "Consumers to U.S. Product Developers: Make It Just for Me, ASAP." *Business Wire*, 12 June 2018, <https://www.businesswire.com/news/home/20180612005129/en/Consumers-U.S.-Product-Developers-ASAP>.

⁷⁹ "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.

Active Users (further mDAUs) increased by 9%⁸⁰, overall growth has been slow which made Twitter fall behind other social networks. Although 2018 was the first profitable year in the company's existence, (the company made over \$2.61 billion through advertising and \$425 million through data licensing⁸¹), the company faces an unclear future.

Which strategy should Twitter implement to improve their financial situation, and have sustainable results?

18. Recommended Strategy

The recommended strategy for Twitter to increase its revenue is *to grow its user base and improve brand perception by keeping a strong focus on being a responsible platform.*

With an improved environment, Twitter now needs to fix the potential users' perception about the platform. Currently, this is more important than ever: people need to learn about Twitter's positioning as "honest platform". Since no other social media is doing that, this implementation might become a great source of competitive advantage for the company. In 2019, people have grown tired of being deceived and lied to and they just want to enjoy their time on social media and see only relevant (to them) content. Thus, by offering this, Twitter will attract a large number of users and increase its profits.

Further steps to successfully implement the new strategy are the following: form new partnerships, implement CEM, and expand its services for ad sellers.

Through new partnerships (with both celebrities and brands), Twitter will advertise the new direction it is taking and promote all of its services to new potential users. To do that, Twitter first needs to perform a detailed analysis of the preferred audience (in terms of age, location, interests, motivation) to select the best representatives and the best ways (i.e. a photo/video/article format) to reach those desired users. Such an analysis could be performed through CEM implementation. While AI algorithms eliminate fake accounts and work on the creation of a safe environment, providing a nice experience, there are still many changes — based on the users' interests and wants — that can be done. Installing exit surveys (for instance, after setting up an ad) or feedback tabs (for instance, after spending an hour on Twitter) is one of the easiest ways to learn about positive and negative aspects of the platform. With this knowledge, a further plan of action

⁸⁰ Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, [https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?noredirect=on](https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?hpid=hp_hp-top-table-main-twitter-reveals%3Ahomepage%2Fstory&hpid=hp_hp-top-table-main-twitter-reveals%3Ahomepage%2Fstory).

⁸¹ Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

on how to retain users, and attract new ones, is easily created. Additionally, neither of Twitter's competitors perform anything like that currently; hence, this implementation can differentiate Twitter as well.

Expansion of its services for ad sellers will help Twitter to increase its revenue. By achieving a positive brand image, Twitter might be able to attract more ad sellers, however, some additional changes need to be done first. With a variety of companies to choose from, some ad sellers have zero to little cost switching from one industry player to another. Twitter needs to take advantage of that by offering ways to cover more marketing and advertising objectives (currently, it covers only 8, *more in Section 9.1.1 Direct competitors*). Creating new partnerships or acquiring other tech companies will help Twitter a lot in this case.

With improved publicity, consistently growing user count, and promising financials, Twitter has a high chance of improving its stock price and attracting more external investors. The volatility, even though is not harmfully high, will be decreased, and by having external investments, Twitter will be perceived as more trustworthy than it is now when the majority of investments come from the employees (*please see Section 7. Financial Analysis*).



Figure 13. The chart shows Twitter's stock price in the past 6 months (as of 05.11.2019) and the stock volatility. Overall, the stock price was growing consistently, except for the significant drop in the last couple months when Twitter was talking about banning political ads and then actually doing it. Source: Yahoo.com

Summarizing, the new strategy answers the strategic question perfectly: it focuses on the mDAU count growth and ways to increase revenue; it also offers solutions on how Twitter can differentiate itself from competitors.

18.1 Revised Mission Statement

The revised mission statement for Twitter is *to give everyone an opportunity to have access to real-time content, to inspire users to share, and to connect people around the world.*

The revised statement indicates Twitter's core values: the platform makes it possible to access news and live content (thus, "to give"), it helps people to share their opinion or struggles,

when, in exchange, they receive support and meaningful conversations (thus, “to inspire”), and it helps people to find others with similar interests (thus, “to connect”). Since Twitter is not in a segmented niche, it targets all ages and genders which is also shown in the mission statement (“everyone”).

18.2 Revised Vision Statement

The revised vision statement for Twitter is *to be known as a responsible media outlet that helps people to spread their ideas and make them accessible to everyone.*

The revised vision statement correlates with the new strategy and shows the company’s intention of being a responsible platform that does not encourage misleading advertising. Hence, by using this as a guideline, Twitter will be able to come up with a set of business objectives to reach and to tailor all activities accordingly. The new vision statement is focused on long-term results. Moreover, the statement acknowledges the needs of both customer segments: the statement talks about both ad sellers who would love to advertise their businesses and regular users who just tweet about their lives.

18.3 Revised Value Proposition

The value proposition for account users remains the same (“*To provide a microblogging platform where users can receive real-time news, find other people that share the same interests, and engage in conversations with them.*”) but the proposed value for ad sellers is: *to cover various marketing and advertising objectives, offer a wide audience, and introduce partners that make the usage of TwitterAds easy, fast, and affordable.*

This value proposition shows more customized approach to advertising and talks about the benefits ad sellers are looking for. With new acquisitions and partnerships, Twitter will be able to enhance the process of setting up TwitterAds and make them more accessible, especially for those who are not skilled at marketing, effectively differentiating itself from other social media advertising companies.

19. Suggested Activity Map

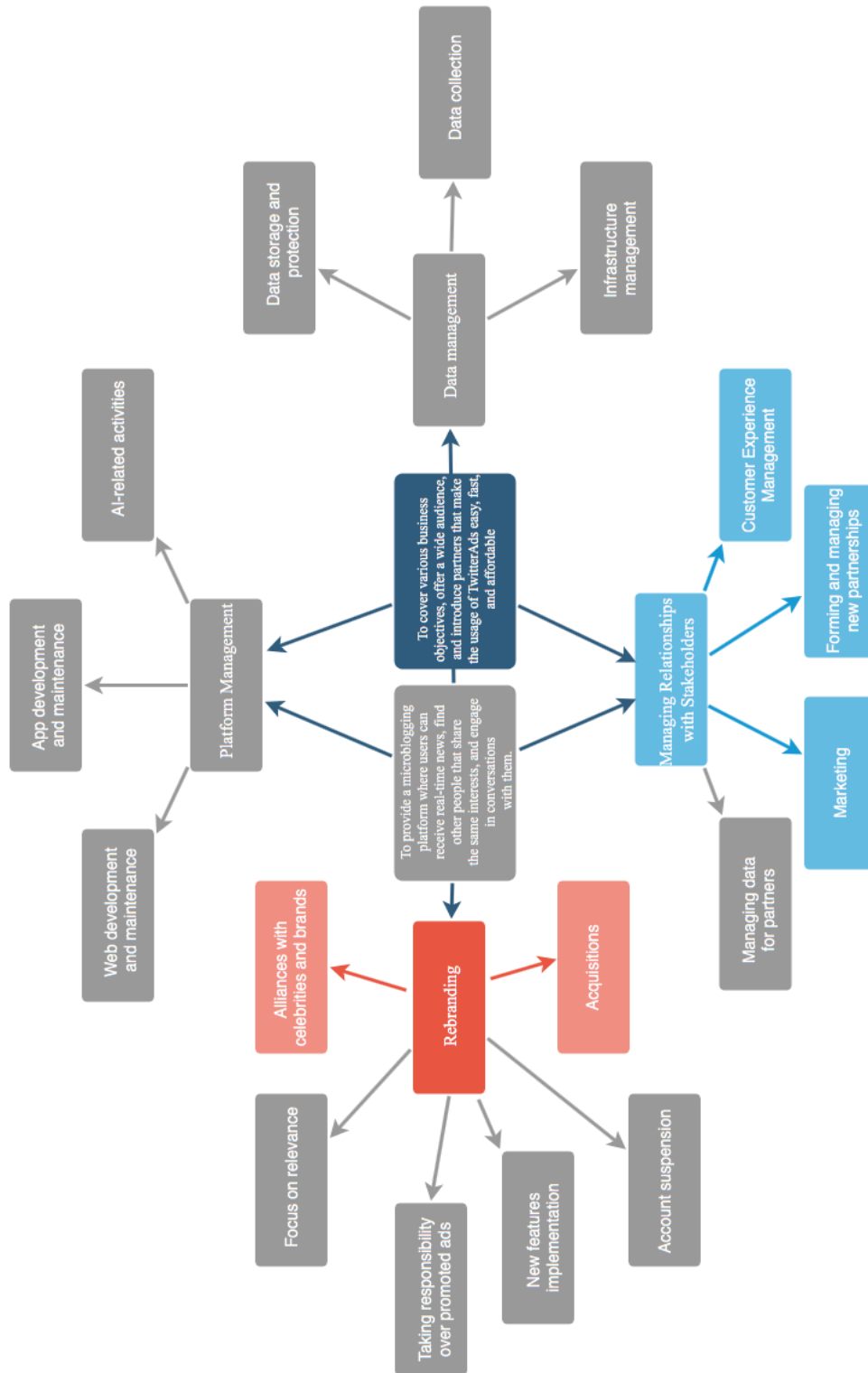


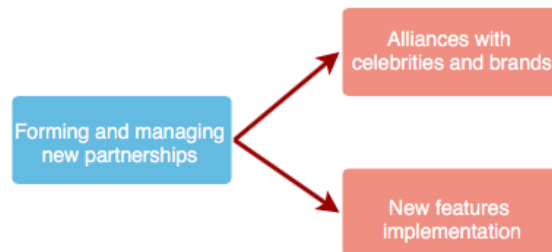
Figure 14. The graph shows a suggested Twitter's activity map including main activities and sub-activities. The colored activities are the new ones, while the old activities are marked as grey and the fit between those activities remain the same. The new strategic fit between the new activities is explained below with visual representations. Source: Ekaterina Belova, 2019.

The suggested activity map is relatively similar to the current activity map, however, it includes new sub-activities and a new value proposition that would help the company to implement the suggested strategy and gain competitive advantage. These sub-activities take into consideration the Critical Success Factors and the strategic alternatives the company should follow.

The grey activities are the ones that have not been changed. Consequently, the fit between these activities remains the same. The colored fields are the ones that Twitter needs to add to its existing activity map and they are *alliances with celebrities in brands, managing data for partners, marketing, forming and managing new partnerships, and CEM*. These activities create a strong fit.

Firstly, “Managing Relationships with Partners” should be changed to “Managing Relationships with Stakeholders” as the new name is more accurate. Following the findings for this paper, it is clear that Twitter’s relationships with the stakeholders (i.e. users, partners, celebrities, brands, investors) are crucial to achieving success in the future, thus, the activity needs to be changed the most.

By *forming and managing new partnerships*, Twitter will be able to find the right ambassadors to help the company grow, to find more news editions to supply unique content (such as NBC), and to find the tech companies that would bring in new features not available to Twitter before. This will allow to create *alliances with these celebrities and brands* and, additionally, help the company to *implement new features* - which is a great opportunity for an expansion of offered services for ad sellers (*thus, Strategic Fit #1 and #2*).

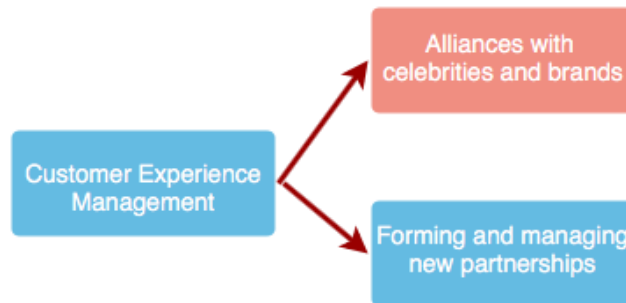


Because there will be *alliances with celebrities and brands*, Twitter will be able to focus on its *marketing* (through the ambassadors) and to achieve a new market positioning in the eyes of potential customers (*Strategic Fit #3*).



The CEM implementation comes along — by getting users’ opinion and feedback, Twitter will know what the audience wants; thus, it might focus on finding new — missing — partners (*to*

form and manage new partnerships) that would help the company to satisfy those needs (*Strategic Fit #4*). Additionally, by knowing what users think, Twitter will be able to adjust its marketing techniques, possibly find other/new celebrities and brands to work with and create *alliances with celebrities and brands*, and thus, grow the mDAU count and revenue (*Strategic Fit #5*).



By focusing on *acquisitions*, Twitter will also broaden its tech features, capacity, and possibly increase its workforce and bring in fresh ideas. This will help to *implement new features* to make the platform more personalized and entertaining (*Strategic Fit #6*).



These sub-activities are meant to help Twitter to improve its brand perception, advertise its services to those who are still unclear about what the company is doing, and offer their customers more value.

20. Porter's 5 Tests Comparison

20.1 Distinctive Value Proposition

The new value proposition passes the first Porter's test. It is driven by the company's desire to offer a more customized approach — something ad sellers are looking for yet what other companies do not necessarily offer. Considering that a part of the new strategy is focused on increasing brand awareness and receiving positive publicity, the value proposition enhances customer satisfaction and improve brand perception.

20.2 Tailored Value Chain

Twitter meets Porter's second test. The Suggested Activity Map includes sub-activities that are absolutely crucial for performing the new strategy to its full extent. All of the new sub-activities ensure there is a way to gather customer feedback, a chance to increase brand awareness, create a safe environment and focus on customization — activities necessary to deliver Twitter's value proposition.

20.3 Trade-Offs Different from Rivals

The new strategy passes the third Porter's test. By putting a stop to political advertising, despite sales losses and possible dissatisfaction from some politicians, Twitter positions itself as an honest and responsible platform while neither of its competitors care about advertised content and often mislead people because of that.

20.4 Strategic Fit

Twitter meets Porter's fourth test partially. The new sub-activities strengthen each other and contribute to the successful implementation of the new strategy. However, the main activities are still not aligned with each other properly and that might weaken the business. To overcome that, Twitter should reconsider its business model and the activities it is doing.

20.5 Continuity Over Time

The new strategy meets the final Porter's test. Being an honest platform helps the company to have high chances of improving brand perception, which, in turn, will ensure Twitter is determined to have good brand awareness and customer loyalty. By finding a source of competitive advantage, Twitter will differentiate itself and achieve positive financial results.

20.6 Conclusion

With the new strategy, Twitter passes Porter's tests which means that the company is on the right path to achieving sustainable results, high profits, and gaining competitive advantage. In

comparison to the current strategy, the new strategy focuses on the long-term results and on ways to differentiate the company from its competitors. There is still an area for improvements (Strategic Fit test), however, the changes do not have to be implemented immediately (CEM and preferred audience analysis should be made first).

21. Strategy Justification and Implementation

With the new strategy, Twitter has a high chance of gaining a competitive advantage and improving its financial situation. Given the management's desire to be "the go-to" company, the new strategy answers the question of who Twitter wants to be — *responsible media outlet* — and what it wants to achieve — *people coming to Twitter to receive news*. Hence, the new strategy is going to help Twitter to achieve that and it answers the strategic question.

Risks

The new strategy might be somewhat risky in terms of financials — if no barter deals are made, Twitter will need to invest a lot of money into its advertising (through brands and celebrities). The results should be worth the investment, yet Twitter needs to choose its ambassadors correctly: after all, WSJ article will never attract teenagers and Taylor Swift will never attract be able to attract those who are interested in politics and sports. Hence, Twitter will need to realize who its target audience is and which age group is the most preferable at every given moment. The author thinks it is wise to target all of the age groups, since ad sellers also promote ads for different ages, yet in the beginning, it will be financially challenging to target all ages at once.

Another risk the company is facing is the line between a ban on political ads and the prevention of free speech. If Twitter does not assess the situation carefully and decides to prevent bans on such important matters as immigration, climate change, and gun control, as well as many others, users might feel like they are not allowed to express their opinion freely anymore. To avoid losing followers, who will go to another platform, Twitter needs to find a balance in what it is like to be responsible and an honest platform.

Practicality

To implement the new strategy successfully, Twitter should start figuring out what the preferred audience is and perform an analysis of the market and industry trends. That is needed to determine which age groups to target first (as stated above, it is not wise to target them at once). For that, the company might consider hiring marketers who will conduct research. The marketing

department within the company should also consist of people who will be responsible for finding the right ambassadors and building long-lasting relationships with them. The best strategy would be to find the US brands and celebrities first, as these people and organizations are the most popular in the world and will be able to influence more people.

The engineering team should work on updates on how to implement CEM into the platforms: pop-up windows and exit surveys. That will help management to determine what users are looking for and what companies it is best to acquire (to provide missing services). All of this will require ongoing investments, yet, in the long-run, the results will be worth it.

Financial Feasibility

The new strategy requires investments but there was an income increase in the past couple of years (even if the profit was only achieved in 2018), thus, Twitter should be able to afford a new marketing plan. The first few years might leave the company with an income loss, however, the strategy is aimed at the long-term results, which will pay off the present losses. Otherwise, if those investments are not made and the strategy is not implemented, Twitter will not be able to differentiate itself; the company will keep losing money and close one day.

Stakeholders' Impact

The overall strategy impact on stakeholders is positive: users will keep experiencing a safe and honest environment, ad sellers will have a bigger audience to reach (due to new users joining the platform) and a higher number of ad services to choose from. The new strategy takes into account rivals and the industry and allows Twitter to stand out among its competitors. That will help the management to be the “go to” platform, as they want now, and competitive advantage will be achieved. As a result, Twitter’s stock performance will be more stable and promising, and the company will get more external investors — in contrast to now when the majority of investors are the company’s employees.

22. Final Conclusion

Based on the analysis above, it is clear that Twitter's main reason behind negative financial metrics was a lack of differentiation (and, accordingly, competitive advantage) as stated in the strategic question:

Despite having an innovative idea, Twitter was lacking in differentiation and it can be seen in their financial records. Even with increasing numbers, the company had been operating at a net loss from 2010 to 2017 (i.e. in 2015, their net loss was \$-521 million, while in 2017 it was \$-108 million⁸²). Due to a strong lack of differentiation, the company had been unable to grow its user count: even with monetizable Daily Active Users (further mDAUs) increased by 9%⁸³, overall growth has been slow which made Twitter fall behind other social networks. Although 2018 was the first profitable year in the company's existence, (the company made over \$2.61 billion through advertising and \$425 million through data licensing⁸⁴), the company faces an unclear future.

Which strategy should Twitter implement to improve their financial situation, and have sustainable results?

The paper aimed to analyze the reasons and to find a possible solution, which is stated in the new strategy: *to grow its user base and improve brand perception by keeping a strong focus on being a responsible platform.* If Twitter follows the recommended course of action, the company will be able to increase its market share, improve stock performance, and satisfy all the stakeholders. By being a responsible platform preventing misleading information, Twitter will find a source of competitive advantage that will set the company apart from its rivals. New added sub-activities will enhance and strengthen the strategy even more.

⁸² "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.

⁸³ Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, <https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?noredirect=on>.

⁸⁴ Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.

23. Appendix

23.1 Brief Company overview

Twitter is one of the leading social networks of the 21st century; it was founded in July 2006 by Jack Dorsey, Noah Glass, Biz Stone, and Evan Williams. The founders had an idea of sharing thoughts with a group of people instead of texting them all one by one, and the service's original name was twttr (twitter.com domain was already taken). The meaning behind the word "Twitter" is the following: "a short burst of inconsequential information," and "chirps from birds", which describes the concept perfectly⁸⁵.

23.2 Management Style and Culture

For a few years (2013-2016), the company was known for stimulating unethical behavior. Even though in 2015 Twitter CEO acknowledged the problem in an interview and promised to deal with the issue⁸⁶, nothing changed until late 2017/beginning of 2018. The trolls were spreading hate and the whole audience was not a real one (filled with bots and spammers), which was hurting the advertising metrics and the trust people still had for the company.

However, in 2018, Twitter focused on a new strategy (*please see Section 5. Current Strategy*) that worked: the company's financials improved (*please see Section 7. Financial Analysis*), the mMAU count started growing and the brand picture was improving. That was also supported by rebranding that started in 2017. The ambiguity that Evan was talking about was finally being taken care of. Since Twitter offered so much (i.e. users could chat, users could search the news, users could spam), no one knew what exactly was the real value of Twitter, but then, in 2017, the company made a goal to be "*the place you go to see what's going on*"⁸⁷.

23.3 Organization Structure

In June 2018, Jack Dorsey proposed a new organization structure that will be in work for the next decade⁸⁸. Now, the focus is on a more straightforward and functional organization

⁸⁵ "Twitter Creator Jack Dorsey Illuminates the Site's Founding Document. Part I." *Los Angeles Times*, Los Angeles Times, <https://latimesblogs.latimes.com/technology/2009/02/twitter-creator.html>.

⁸⁶ Sullivan, Mark. "Twitter CEO Says the Platform 'Sucks' at Dealing with Abusive Users." *Business Insider*, Business Insider, 5 Feb. 2015, <https://www.businessinsider.com/twitter-ceo-says-the-platform-sucks-at-dealing-with-abusive-users-2015-2>.

⁸⁷ Pierce, David. "Twitter Redesigned Itself to Make the Tweet Supreme Again." *Wired*, Conde Nast, 15 June 2017, <https://www.wired.com/story/twitter-redesigned-itself-to-make-the-tweet-supreme-again/>.

⁸⁸ "Tweet about Reorganization." *Twitter*, Twitter, 28 June 2018, https://twitter.com/jack/status/1012381283396157440?ref_src=twsrc^tfw|twcamp^tweetembed&ref_url=https://www.cnn.com/2018/06/28/twitter-is-restructuring-as-its-product-executive-steps-down.html.

structure. The reason for that is the strategic changes the company is going through; in order to have quicker results, faster communication, and greater efficiency, it is best for Twitter to group people based on their speciality. Since facing relatively unknown future, Twitter's employee needs to have a quick access to their colleagues to be able to learn from each other and minimize mistakes.

23.4 Consolidated Income of Operations

TWITTER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenue	\$ 3,042,359	\$ 2,443,299	\$ 2,529,619
Costs and expenses			
Cost of revenue.....	964,997	861,242	932,240
Research and development.....	553,858	542,010	713,482
Sales and marketing	771,361	717,419	957,829
General and administrative.....	298,818	283,888	293,276
Total costs and expenses	<u>2,589,034</u>	<u>2,404,559</u>	<u>2,896,827</u>
Income (loss) from operations	453,325	38,740	(367,208)
Interest expense	(132,606)	(105,237)	(99,968)
Interest income	111,221	44,383	24,277
Other income (expense), net	(8,396)	(73,304)	2,065
Income (loss) before income taxes.....	423,544	(95,418)	(440,834)
Provision (benefit) for income taxes	(782,052)	12,645	16,039
Net income (loss).....	<u>\$ 1,205,596</u>	<u>\$ (108,063)</u>	<u>\$ (456,873)</u>
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ 1.60</u>	<u>\$ (0.15)</u>	<u>\$ (0.65)</u>
Diluted.....	<u>\$ 1.56</u>	<u>\$ (0.15)</u>	<u>\$ (0.65)</u>
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	<u>754,326</u>	<u>732,702</u>	<u>702,135</u>
Diluted.....	<u>772,686</u>	<u>732,702</u>	<u>702,135</u>

The accompanying notes are an integral part of these consolidated financial statements.

23.5 Consolidated Balance Sheet

TWITTER, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,894,444	\$ 1,638,413
Short-term investments	4,314,957	2,764,689
Accounts receivable, net of allowance for doubtful accounts of \$3,559 and \$5,430	788,700	664,268
Prepaid expenses and other current assets	112,935	254,514
Total current assets	7,111,036	5,321,884
Property and equipment, net	885,078	773,715
Intangible assets, net	45,025	49,654
Goodwill	1,227,269	1,188,935
Deferred tax assets, net	808,459	10,455
Other assets	85,705	67,834
Total assets	<u>\$ 10,162,572</u>	<u>\$ 7,412,477</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 145,186	\$ 170,969
Accrued and other current liabilities	405,751	327,333
Convertible notes, short-term	897,328	—
Capital leases, short-term	68,046	84,976
Total current liabilities	1,516,311	583,278
Convertible notes, long-term	1,730,922	1,627,460
Capital leases, long-term	24,394	81,308
Deferred and other long-term tax liabilities, net	17,849	13,240
Other long-term liabilities	67,502	59,973
Total liabilities	<u>3,356,978</u>	<u>2,365,259</u>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.000005 par value-- 200,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.000005 par value-- 5,000,000 shares authorized; 764,257 and 746,902 shares issued and outstanding	4	4
Additional paid-in capital	8,324,974	7,750,522
Accumulated other comprehensive loss	(65,311)	(31,579)
Accumulated deficit	(1,454,073)	(2,671,729)
Total stockholders' equity	<u>6,805,594</u>	<u>5,047,218</u>
Total liabilities and stockholders' equity	<u>\$ 10,162,572</u>	<u>\$ 7,412,477</u>

The accompanying notes are an integral part of these consolidated financial statements.

23.6 Popular accounts engaging in conversations with their followers

- McDonald's:



- Ariana Grande:



Figure 15. The pictures show how brand and celebrities engage in conversations with their followers/fans. This helps them to build their brand image. Source: Twitter.com, 2019

23.7 People's reaction when noticed by their favorite celebrities:

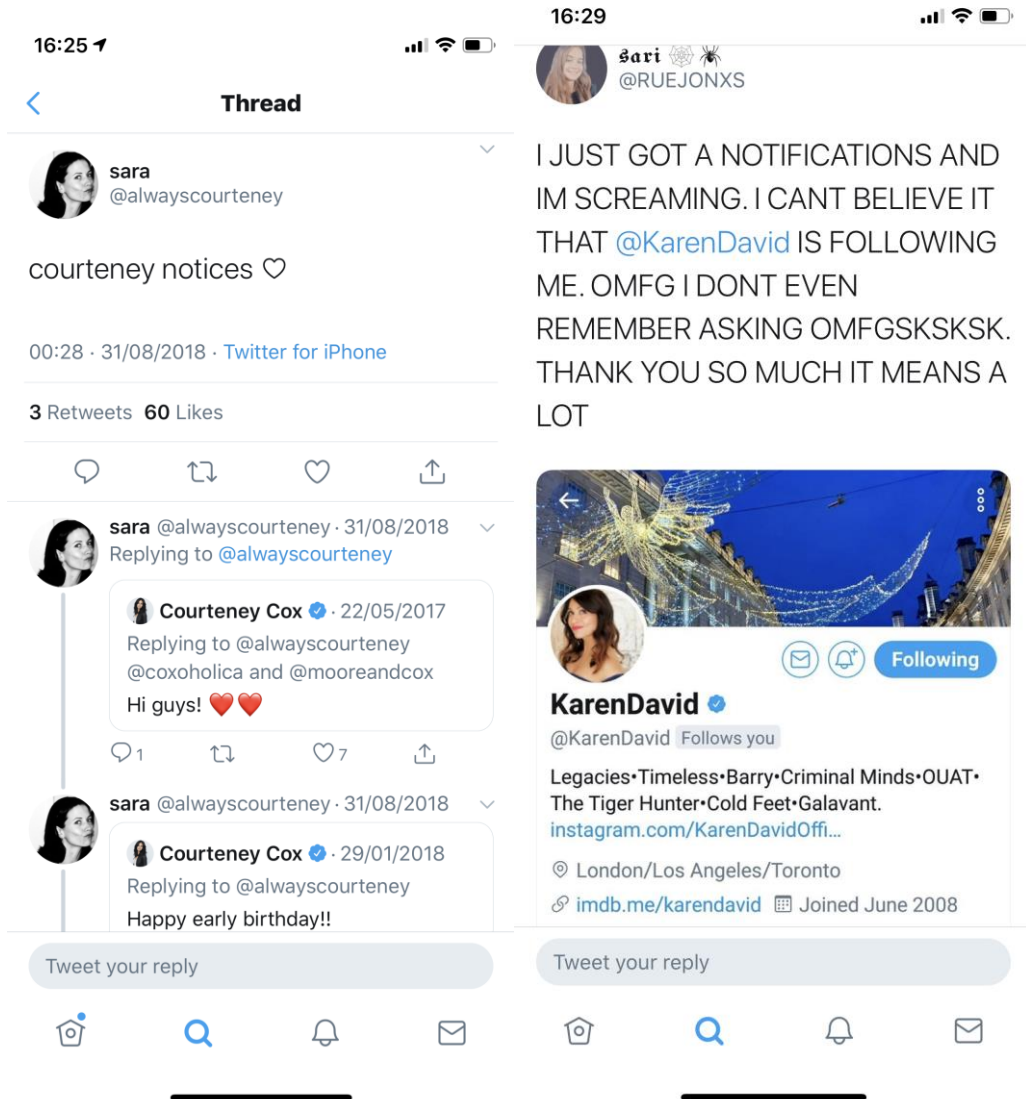


Figure 16. The picture shows how much it means for regular users to be noticed by their idols. A desire to be noticed by your favorite celebrity is a strong force that makes people come back to Twitter all the time. Source: Twitter.com, 2019

23.8 Users receiving support from others



Figure 17. The picture shows how not only friends but also strangers (the tweet author and those who were commenting were not following each other) provide support. This is one of the distinctive characteristics of Twitter. Source: Twitter.com, 2019

Works Cited

1. "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.
2. Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, <https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?noredirect=on>.
3. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
4. Miller, Claire Cain. "Why Twitter's C.E.O. Demoted Himself." *The New York Times*, The New York Times, 30 Oct. 2010, <https://www.nytimes.com/2010/10/31/technology/31ev.html>.
5. staff, Science X. "Space Scientist Says Texting Is Four Times More Expensive than Receiving Scientific Data from Space." *Phys.org*, Phys.org, 12 May 2008, <https://phys.org/news/2008-05-space-scientist-texting-expensive-scientific.html>.
6. "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.
7. Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, <https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?noredirect=on>.
8. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
9. Lapowsky, Iffie. "Ev Williams on Twitter's Early Years." *Inc.com*, Inc., 4 Oct. 2013, <https://www.inc.com/issie-lapowsky/ev-williams-twitter-early-years.html?cid=em01011week40day04b>.
10. McCormick, Rich. "Twitter's Reputation for Abuse Is Turning off Potential Suitors." *The Verge*, The Verge, 19 Oct. 2016, <https://www.theverge.com/2016/10/19/13328380/twitter-abuse-disney-salesforce-bids-pulled>.
11. Quiñónez, Ariana. "#SaveLucifer Campaign Is a Success: Netflix Orders Season 4!" *Hypable*, 15 June 2018, <https://www.hypable.com/save-lucifer-campaign-fox-cancellation/>.
12. "Most Followed Accounts on Twitter 2019." *Statista*, <https://www.statista.com/statistics/273172/twitter-accounts-with-the-most-followers-worldwide/>.
13. "Twitter: Number of Active Users 2010-2019." *Statista*, <https://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/>.
14. "Twitter Suspends over 70 Million Accounts in Two Months: Washington Post." *Reuters*, Thomson Reuters, 6 July 2018, <https://www.reuters.com/article/us-twitter-inc-suspensions/twitter-suspends-over-70-million-accounts-in-two-months-washington-post-idUSKBN1JW2XN>.
15. "A Healthier Twitter: Progress and More to Do." *Twitter*, Twitter, https://blog.twitter.com/en_us/topics/company/2019/health-update.html.

16. Lerman, Rachel. "Twitter Pulls Back on Political Ads, but Pitfalls Await." *AP NEWS*, Associated Press, 31 Oct. 2019, <https://apnews.com/3ed44c08505046c281c700a5e9d2dd38>.
17. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
18. "FAQ." *Twitter, Inc. - Contact - FAQ*, <https://investor.twitterinc.com/contact/faq/default.aspx>.
19. "Twitter Values." *Twitter*, Twitter, https://about.twitter.com/en_us/values.html.
20. Lerman, Rachel. "Twitter Pulls Back on Political Ads, but Pitfalls Await." *AP NEWS*, Associated Press, 31 Oct. 2019, <https://apnews.com/3ed44c08505046c281c700a5e9d2dd38>.
21. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
22. Wojcik, Stefan, and Adam Hughes. "How Twitter Users Compare to the General Public." *Pew Research Center: Internet, Science & Tech*, 24 July 2019, <https://www.pewinternet.org/2019/04/24/sizing-up-twitter-users/>.
23. "Twitter: Number of Active Users 2010-2019." *Statista*, <https://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/>.
24. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
25. "How Much Does Social Media Advertising Cost in 2019?" *WebFX*, <https://www.webfx.com/how-much-does-social-media-advertising-cost.html>.
26. Brandt, Mathias, and Felix Richter. "Infographic: 80% Of Twitter's Users Are Mobile." *Statista Infographics*, 29 Apr. 2015, <https://www.statista.com/chart/1520/number-of-monthly-active-twitter-users/>.
27. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
28. Newton, Casey. "Twitter Just Doubled the Character Limit for Tweets to 280." *The Verge*, The Verge, 26 Sept. 2017, <https://www.theverge.com/2017/9/26/16363912/twitter-character-limit-increase-280-test>.
29. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
30. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
31. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
32. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
33. Martyswant. "Twitter Is Expanding Its Video Content With More Than a Dozen Partners." *Adweek*, Adweek, 30 Apr. 2019, <https://www.adweek.com/digital/twitter-is-expanding-its-video-content-with-more-than-a-dozen-partners/>.

34. Spangler, Todd. "NBC Pacts With Twitter For Exclusive 2020 Tokyo Olympics Live Programming." *Variety*, 25 July 2019, <https://variety.com/2019/digital/news/nbc-twitter-2020-tokyo-olympics-live-streaming-1203279412/>.
35. Martyswant. "Twitter Is Expanding Its Video Content With More Than a Dozen Partners." *Adweek*, Adweek, 30 Apr. 2019, <https://www.adweek.com/digital/twitter-is-expanding-its-video-content-with-more-than-a-dozen-partners/>.
36. "Partners." *Twitter*, Twitter, <https://partners.twitter.com/en>.
37. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
38. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
39. Wagner, Kurt. "Twitter Will Cut 9 Percent of Its Workforce, or Roughly 350 People." *Vox*, Vox, 27 Oct. 2016, <https://www.vox.com/2016/10/27/13399872/twitter-layoffs-q3-earnings>.
40. "Fiscal Year 2018 Annual Report ." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf.
41. "Why Are Social Media Sites Blue?" *Tampa Inbound Marketing Agency*, <https://www.bluleadz.com/blog/why-are-social-media-sites-blue>.
42. "Q1 2019 Earnings Report." *Twitter*, 2019, https://s22.q4cdn.com/826641620/files/doc_financials/2019/q1/Q1-2019-Slide-Presentation.pdf.
43. Daniel, Ellen. "Twitter AI: How the Platform Is Embracing Artificial Intelligence." *Verdict*, 24 Jan. 2019, <https://www.verdict.co.uk/twitter-ai-automation/>.
44. "Cortex." *Twitter*, Twitter, <https://cortex.twitter.com/>.
45. "Privacy - Twitter Developers." *Twitter*, Twitter, <https://developer.twitter.com/en/docs/twitter-for-websites/privacy>.
46. "The Infrastructure Behind Twitter: Scale." *Twitter*, Twitter, https://blog.twitter.com/engineering/en_us/topics/infrastructure/2017/the-infrastructure-behind-twitter-scale.html.
47. Reyes, Mariel Soto. "NBC and Twitter Are Partnering for Live Coverage of the 2020 Tokyo Olympics." *Business Insider*, Business Insider, 29 July 2019, <https://www.businessinsider.com/nbc-twitter-live-coverage-2020-tokyo-olympics-2019-7>.
48. "Twitter Changes the Live TV Sports Viewing Experience - Twitter Marketing." *Twitter*, Twitter, [https://marketing.twitter.com/na/en/insights/twitter-changes-the-live-tv-sports-viewing-experience?utm_source=Triggermail&utm_medium=email&utm_campaign=Post Blast \(bii-digital-media\): NBC, Twitter partner for some 2020 Olympics coverage | Video, audio likely to drive Amazon ad revenue growth | Snapchat tests dynamic product ads&utm_term=BII List DMedia ALL](https://marketing.twitter.com/na/en/insights/twitter-changes-the-live-tv-sports-viewing-experience?utm_source=Triggermail&utm_medium=email&utm_campaign=Post+Blast+(bii-digital-media):+NBC,+Twitter+partner+for+some+2020+Olympics+coverage+|+Video,+audio+likely+to+drive+Amazon+ad+revenue+growth+|+Snapchat+tests+dynamic+product+ads&utm_term=BII+List+DMedia+ALL).
49. Statt, Nick. "Twitter Now Lets Anyone on IOS Search DMs for Long Lost Message Threads." *The Verge*, The Verge, 1 Oct. 2019, <https://www.theverge.com/2019/10/1/20893603/twitter-dm-search-launch-apple-iphone-ios-text>.

50. Burki, Sarmad. "Twitter Is Supposedly Testing 'Translate Bio Feature': Tweet Suggests." *Appuals.com*, 3 Oct. 2019, <https://appuals.com/twitter-is-supposedly-testing-translate-bio-feature-tweet-suggests/>.
51. "Q4 And Fiscal Year 2017 Letter to Shareholders." *Twitter*, 8 Feb. 2018, https://s22.q4cdn.com/826641620/files/doc_financials/2017/q4/Q4_2017_Shareholder_Letter.pdf.
52. Reemanasr. "Twitter Stock Falls below IPO Price." *CNBC*, CNBC, 20 Aug. 2015, <https://www.cnbc.com/2015/08/20/twitter-stock-falls-below-ipo-price.html>.
53. "Stock Wars: Facebook Vs. Twitter Vs. Snapchat." *Yahoo! Finance*, Yahoo!, 28 Aug. 2019, <https://finance.yahoo.com/news/stock-wars-facebook-vs-twitter-175754389.html>.
54. "Facebook Users Worldwide 2019." *Statista*, <https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>.
55. "Twitter: Number of Active Users 2010-2019." *Statista*, <https://www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/>.
56. "Internet Content." *Vault*, <https://www.vault.com/industries-professions/industries/internet-content>.
57. "Social Media: Revenue of Selected Companies 2018." *Statista*, <https://www.statista.com/statistics/271582/revenue-of-selected-social-media-companies/>.
58. "FAQs." *Facebook - Resources*, <https://investor.fb.com/resources/default.aspx>.
59. Reyes, Mariel Soto. "Scandals and Teen Dropoff Weren't Enough to Stop Facebook's Growth." *Business Insider*, Business Insider, 26 Apr. 2019, <https://www.businessinsider.com/facebook-grew-monthly-average-users-in-q1-2019-4>.
60. Investopedia. "How Does LinkedIn Make Money?" *Investopedia*, Investopedia, 22 Sept. 2019, <https://www.investopedia.com/ask/answers/120214/how-does-linkedin-lnkd-make-money.asp>.
61. Investopedia. "How Does LinkedIn Make Money?" *Investopedia*, Investopedia, 22 Sept. 2019, <https://www.investopedia.com/ask/answers/120214/how-does-linkedin-lnkd-make-money.asp>.
62. "Google: Ad Revenue 2001-2018." *Statista*, <https://www.statista.com/statistics/266249/advertising-revenue-of-google/>.
63. Ghosh, Shona. "6 Reasons Snapchat Is Losing Its Popularity." *Business Insider*, Business Insider, 5 Feb. 2019, <https://www.businessinsider.com/snapchat-losing-popularity-social-media-app-facebook-tiktok-2019-1>.
64. Bell, Karissa. "Snap's Plan to Fight Facebook Is Bold." *Mashable SEA*, 6 Apr. 2019, <https://sea.mashable.com/tech/31110/snaps-plan-to-fight-facebook-is-bold>.
65. Eckstein, Jakob. "Like All Social Media Giants, Snapchat's Business Is All about Ads." *Investopedia*, Investopedia, 24 Sept. 2019, <https://www.investopedia.com/articles/investing/061915/how-snapchat-makes-money.asp>.
66. "Snap Inc. Mission, Vision & Values." *Comparably*, <https://www.comparably.com/companies/snap/mission>.
67. Jardine, Jimme. "Can Publishers Rely on News Aggregation for Healthy Revenues? We Don't Think so!" *Medium*, Medium, 10 Aug. 2018, <https://medium.com/@jamatto/can-publishers-rely-on-news-aggregation-for-healthy-revenues-we-dont-think-so-1abe5f7ec06a>.

68. "Snapchat Makes Users 'Happy,' Snap Says." *Bizjournals.com*, 10 Jan. 2019, <https://www.bizjournals.com/losangeles/news/2019/01/10/snapchat-makes-users-happy-snap-says.html>.
69. Conger, Kate. "Twitter Will Ban All Political Ads, C.E.O. Jack Dorsey Says." *The New York Times*, The New York Times, 30 Oct. 2019, <https://www.nytimes.com/2019/10/30/technology/twitter-political-ads-ban.html>.
70. Gorton, David. "Top 7 Companies Owned by Twitter." *Investopedia*, Investopedia, 24 Oct. 2019, <https://www.investopedia.com/articles/insights/082216/top-8-companies-owned-twitter-twtr.asp>.
71. "46 Eye-Opening LinkedIn Statistics for 2019." *99firms.Com*, 9 May 2019, <https://99firms.com/blog/linkedin-statistics/>.
72. "How Much Do Ads Cost on Instagram, Facebook, Twitter & LinkedIn?" *Falcon.io*, 8 Jan. 2019, <https://www.falcon.io/insights-hub/topics/social-media-roi/how-much-do-ads-cost-on-facebook-instagram-twitter-and-linkedin-in-2018/>.
73. Law, Tom J. "How Much Does Facebook Advertising Cost in 2019?" *Oberlo*, Oberlo Dropshipping App., 20 Aug. 2019, <https://www.oberlo.com/blog/facebook-advertising-cost>.
74. Pham, Sherisse. "The Company That Owns TikTok Now Has One Billion Users and Many Are Outside China." *CNN*, Cable News Network, 20 June 2019, <https://edition.cnn.com/2019/06/20/tech/tiktok-bytedance-users/index.html>.
75. "An Issue with Your Settings Choices Related to Ads on Twitter." *Twitter*, Twitter, <https://help.twitter.com/en/ads-settings>.
76. Conger, Kate. "Twitter Will Ban All Political Ads, C.E.O. Dorsey Says." *The New York Times*, The New York Times, 30 Oct. 2019, <https://www.nytimes.com/2019/10/30/technology/twitter-political-ads-ban.html>.
77. Conger, Kate. "Twitter Will Ban All Political Ads, C.E.O. Dorsey Says." *The New York Times*, The New York Times, 30 Oct. 2019, <https://www.nytimes.com/2019/10/30/technology/twitter-political-ads-ban.html>.
78. "Consumers to U.S. Product Developers: Make It Just for Me, ASAP." *Business Wire*, 12 June 2018, <https://www.businesswire.com/news/home/20180612005129/en/Consumers-U.S.-Product-Developers-ASAP>.
79. "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.
80. Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, <https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?noredirect=on>.
81. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
82. "Twitter Net Income 2011-2019: TWTR." *Macrotrends*, <https://www.macrotrends.net/stocks/charts/TWTR/twitter/net-income>.
83. Shaban, Hamza. "Twitter Reveals Its Daily Active User Numbers for the First Time." *The Washington Post*, WP Company, 7 Feb. 2019, <https://www.washingtonpost.com/technology/2019/02/07/twitter-reveals-its-daily-active-user-numbers-first-time/?noredirect=on>.

84. Beers, Brian. "How Does Twitter Make Money?" *Investopedia*, Investopedia, 23 Apr. 2019, <https://www.investopedia.com/ask/answers/120114/how-does-twitter-twtr-make-money.asp>.
85. "Twitter Creator Jack Dorsey Illuminates the Site's Founding Document. Part I." *Los Angeles Times*, Los Angeles Times, <https://latimesblogs.latimes.com/technology/2009/02/twitter-creator.html>.
86. Sullivan, Mark. "Twitter CEO Says the Platform 'Sucks' at Dealing with Abusive Users." *Business Insider*, Business Insider, 5 Feb. 2015, <https://www.businessinsider.com/twitter-ceo-says-the-platform-sucks-at-dealing-with-abusive-users-2015-2>.
87. Pierce, David. "Twitter Redesigned Itself to Make the Tweet Supreme Again." *Wired*, Conde Nast, 15 June 2017, <https://www.wired.com/story/twitter-redesigned-itself-to-make-the-tweet-supreme-again/>.
88. "Tweet about Reorganization." *Twitter*, Twitter, 28 June 2018, https://twitter.com/jack/status/1012381283396157440?ref_src=twsrc^tfw|twcamp^tweetembed&ref_url=https://www.cnbc.com/2018/06/28/twitter-is-restructuring-as-its-product-executive-steps-down.html.

Bibliography

Black, J. Stewart and Hal B Gregersen. *Leading Strategic Change*. Upper Saddle River, N.J.: Prentice Hall, 2002. Print.

Magretta, Joan. *Understanding Michael Porter*. Boston, Mass.: Harvard Business Review Press, 2012. Print.

Porter, Michael E. "What Is Strategy?." *Harvard Business Review*, vol. 75, no. 1, Nov/Dec 1996. Print.

"Twitter." *Wikipedia*, Wikimedia Foundation, 29 Sept. 2019, <https://en.wikipedia.org/wiki/Twitter>.