

Twitter to offer business accounts with expanded features -- and fees

October 7 2009, By Wailin Wong



Without advertisements or subscription fees, the micro-blogging service Twitter has had many wondering how the site makes money.

Since Twitter's creation in 2006, co-founders Biz Stone and Evan Williams have been reticent in putting an end to this guessing game surrounding their business model.

In an interview with Tribune Newspapers, Stone offered a hint of Twitter's evolution toward a service that offers premium features at a cost. Stone said the company will introduce commercial accounts for businesses by year-end that will "make them better Twitterers."

Stone emphasized that [Twitter](#) will remain free for all users, including

businesses. But corporate users will have the option of paying for extra features such as analytics, which help businesses measure their online popularity and monitor traffic.

"We're only just now entering a phase in Twitter's lifetime where we're able to develop new products," said Stone, noting that the company in the last few years has focused on expanding the infrastructure to keep pace with rapid growth.

Twitter may strike observers as a free-for-all, and not just because it doesn't charge users for sending out 140-character missives or third-party developers for building programs on top of its open platform. Twitter is a noisy compendium of mundane observations, breaking news and self-promotion. It's a place where consumers can rub virtual shoulders with their celebrity crushes or learn about promotions from their favorite brands.

Stone, who has talked up the possibility of commercial accounts at recent public appearances, said he and Williams noticed that "very early on, businesses were using Twitter as a hybrid between marketing and customer service." Comcast, for example, was a leader in responding to customer gripes and inquiries through Twitter.

Social media observers wonder whether premium business features are just one piece of the revenue puzzle for Twitter.

"There are organizations and companies that are going to be willing to pay fairly good money for really powerful analytics," said Dan Sinker, a Columbia College Chicago professor who teaches a class on "mobile journalism," or delivering news and information to mobile devices. "The question becomes how many and how much, and until we know the answer to those questions, it's purely speculation."

Social networking sites Facebook and MySpace have faced similar scrutiny on their [business models](#), though the highly visible advertising on their sites makes their revenue streams less of a mystery. Facebook said in September that it became cash-flow positive in the previous quarter, and MySpace is owned by the publicly traded News Corp., which lends more transparency to the site's finances.

For its part, Twitter, which has relied on funding from investors to operate, received an infusion last month. Media reports put the undisclosed figure at \$100 million.

Another area of speculation is how Twitter's relationship with third-party developers will evolve. Stone said he's pleased with the current model of a fully open platform.

"The idea that an economy is being built on the Twitter platform is encouraging to us," Stone said.

"It depends on how you look at it. But we look at it as a super healthy ecosystem. It signals that we're here to stay."

Jeremiah Owyang, a partner at technology consulting firm Altimeter Group, said Twitter eventually may allow developers to access analytics data so they can build applications for companies seeking more advanced features.

In the meantime, he said, any move toward advertising will take "slow trial and error" to gauge consumer appetite, especially for targeted ads that cater to users based on their online behavior.

"They're trying to experiment with how they can make advertising a more social and engaging experience," Owyang said. He added that another revenue possibility would be for Twitter to become advertising-

based, but offer a premium service that's free of ads.

Stone has said Twitter won't have ads this year. The focus is on the commercial accounts, for which he's been seeing strong demand from companies.

Looking more broadly at Twitter's evolution, Stone said the service has "really taught us what it wanted to be."

"We're moving faster and moving as one," Stone said. "People are becoming more engaged. ... By all of us being more informed, we're becoming more empathetic."

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