

# Twitter looking to make money from commerce

July 20 2011, by Chris Lefkow

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Twitter users are sending one billion tweets every five days and the service now has more than 200 million registered users, according to the company's CEO Dick Costolo.

Twitter could potentially generate revenue from commerce in addition to advertising, its current money-maker, the chief executive of the company said.

Dick Costolo, speaking at the Fortune Brainstorm Tech conference in this Colorado ski resort, also dismissed reports of management turmoil at the San Francisco-based company and said it is still seeing explosive growth.

"Along any axis you measure us we're growing faster than we've ever grown before," Costolo said.

[Twitter](#) users are sending one billion tweets every five days and the service now has more than 200 million registered users, he said.

Costolo declined to reveal whether Twitter, which was founded in 2006, is profitable, but he said the number of advertisers on the platform is up 600 percent this year over last year, when it numbered in the hundreds.

"The beauty of the Twitter advertising platform is the ads are just tweets," he said. "The ad system is organic to the platform."

Costolo said Twitter gives advertisers the ability "to edit and manage a campaign in real time and distribute it globally."

"We've already seen that from (movie) studios," he said. "The week before a film comes out they're promoting trailers on Twitter."

Twitter users are engaging with advertisements on the service much more than they do with [Internet search](#), he said.

"Our engagement rates are through the roof, ads with clickthrough rates of 30, 40, 50 percent," he said, adding that 80 percent of advertisers have been renewing their campaigns.

[Advertising](#) will be "one of the major revenue components for Twitter going forward," the Twitter [CEO](#) said, but "there is a commerce opportunity there for us to take advantage of."

"We already see a tremendous amount of commerce taking part on the platform," he said. "We are thinking about the kinds of things that we will offer to the market and designing different things and experimenting with different things."

Costolo cited the case of a professional American football team which

used Twitter to advertise to fans that it had 1,000 tickets left for the next day's game and sold them within an hour.

"How can we remove friction from the process?" he asked. "Now you have to go to a third site, enter a promotion code... Classic economics -- good money to be made when you remove friction from transactions."

Costolo said the recent departures from Twitter of two of its co-founders, Ev Williams and Biz Stone, did not mean there were management problems at the firm.

"While people like to focus on the comings and goings of the founders... what's been really going on inside the company is we've been building out the senior management of the company," he said.

Costolo, who replaced Williams as [chief executive](#) in October, said the process was mostly complete but Twitter planned to hire a senior marketing executive soon.

"It's one of the most powerful brands in the world already in its short life -- the bird is recognized around the world -- but we don't really have anybody internally curating that brand," he said.

Costolo was also asked about a US Federal Trade Commission probe into Twitter's dealings with third-party firms that build applications for the service.

Twitter was cooperating with the US regulators and will "provide them with all the information they want," he said.

Twitter has recently begun designing its own tools for using the service, triggering some concern among developers whose products may be seen as rivals.

Costolo said Twitter intends to provide a "Twitter-owned and operated experience on all major platforms" but there will be a place for outside companies that can provide "value-added services for our core products."

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