

Twitter to show more ads, still biding time on IPO

September 9 2011, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Expect to see more ads flowing through Twitter's stream of tweets in the coming weeks, but don't expect to read anything soon about an IPO from the online messaging service.

Twitter [CEO](#) Dick Costolo delivered that message in a Thursday meeting with a group of reporters at the company's San Francisco headquarters.

After bringing in more management talent and upgrading its service so it can handle big spikes in messaging, Twitter is ready to get more serious about building a successful business. But Costolo said that goal shouldn't be interpreted as a sign that 5-year-old Twitter is poised to pursue an [initial public offering](#) of stock - a move that would require the company to reveal how much money it's making for the first time.

Twitter doesn't need the money because it just raised \$400 million from [venture capitalists](#) and other investors. With such a large financial cushion, Costolo indicated Twitter is unlikely to pursue an [IPO](#) next year.

"We now have what can only be referred to as a truckload of money in the bank," Costolo said. "We did that because we want to be in control of our destiny and grow the company the way we want to."

The best way to do that, Costolo said, is to show more ads to Twitter's worldwide audience of 100 million active users. About half of those users log into Twitter each day, a sign that the service is becoming

addictive.

Twitter is becoming such rich source of information and entertainment, Costolo said, that roughly 40 million active users log into the service without ever posting a tweet. This group of so-called "lurkers" just log in to read what's going among the people they are following or to search for something. Even with so many users staying silent, Twitter says it processes about 230 million tweets per day, more than doubling its volume since the beginning of the year.

With so many people immersing themselves on Twitter, the company thinks the timing is right for more advertisements.

Twitter began showing ads last year, but limited them to promotions from companies that users had chosen to track. Now Twitters users will gradually start seeing ads from companies they aren't following. In an effort to avoid alienating its audience, Twitter will strive to show ads likely to appeal to each user's interests. The company thinks it can do this by analyzing whom users follow. For instance, a person who follows 30 different professional athletes might be more likely to see ads about sports equipment or apparel.

All [ads](#), known as "promoted [tweets](#)," must comply with Twitter's online messaging service's 140-character limit.

[Twitter](#) is expected to generate about \$150 million in ad revenue this year, up from \$45 million last year, according to the research firm eMarketer Inc.

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