

Twitter CEO Costolo out as growth pressure mounts

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Twitter chief executive Dick Costolo (pictured) is stepping down and will be replaced on an interim basis by co-founder Jack Dorsey

Twitter chief executive Dick Costolo is surrendering his post, handing the reins back to co-founder Jack Dorsey as the popular service struggles to boost ranks of users.

Costolo will officially step down on July 1, and Dorsey will take back

the Twitter chief job he held for about a year and a half before Costolo came on board in late 2008, the company announced Thursday.

"The future belongs to Twitter thanks in large part to Dick Costolo's dedication and vision," Dorsey said in a release.

"We have an exciting lineup of products and initiatives coming to market, and I look forward to continuing to execute our strategy."

Dorsey said he will stay at the Twitter helm while the board finds a someone to replace Costolo long-term.

Costolo will remain on the Twitter board of directors, and Dorsey will continue to be chief of mobile device centered financial transactions company Square that he co-founded in 2009.

The shake-up comes amid rumors that Costolo was under tremendous pressure from investors to prove his worth by ramping ranks of Twitter users and revenues brought in by the globally popular one-to-many messaging service.

Costolo guided the San Francisco-based firm through its initial public offering, but growth has been disappointing and the company has yet to show a profit.

Slowing growth

Industry tracker eMarketer estimated that the number of people using Twitter monthly will grow 14.1 percent this year, compared to a growth rate of 30 percent two years ago.

By 2019, Twitter user growth will slow to about six percent worldwide, eMarketer forecast.

The company said the number of active monthly users rose above 300 million, but that figure has been growing a pace too sluggish for many investors, and below rivals in social networking.

Twitter's share of the \$145 billion spent on digital advertising around the world this year is slightly less than one percent, up from just shy of a half-percent last year, eMarketer reported.

In comparison, Facebook increased its share of the worldwide digital ad market to 7.9 percent this year from 5.8 percent in 2013, according to the industry tracker, which said Google led the market with a 31.4 percent stake.

Twitter said it formed a committee that will work with "a leading executive search firm to assist in conducting a global search which will consider both internal and external candidates" for CEO.

In its latest earnings report, in April, Twitter said it had a net loss in the quarter of \$162.4 million.

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