

Twitter knocked again on slow user growth

27 October 2015



Twitter has followed a workforce reduction with a report October 27, 2015, of modest user growth and a revenue outlook that didn't meet analyst expectations

Twitter shares tumbled Tuesday after the struggling messaging platform reported only slim growth in its user base and a disappointing revenue outlook.

The San Francisco social network, which this month brought back co-founder Jack Dorsey as chief executive on a permanent basis, said its loss in the third quarter narrowed to \$132 million from \$175 million in the same period last year.

Twitter reported 320 million monthly active users—only modestly up from 316 million in the past quarter and 11 percent higher than a year ago.

Twitter shares slid nearly 13 percent in after-hours trade to \$27.53, in danger of falling again below its 2013 stock market debut price of \$26.

Revenues grew 58 percent year-over-year to \$569 million, in line with its recent lowered forecast. But the outlook for the coming quarter was for revenue in the range of \$695 million to \$710 million—well below most analyst expectations of \$740 million.

"We continued to see strong financial performance this quarter, as well as meaningful progress across our three areas of focus: ensuring more disciplined execution, simplifying our services, and better communicating the value of our platform," said Dorsey.

"We've simplified our road map and organization around a few big bets across Twitter, Periscope, and Vine that we believe represent our largest opportunities for growth."

On October 13, Twitter said it was slashing eight percent of its workforce, or some 340 jobs, as Dorsey outlined his new "roadmap" to boost users and revenues at the money-losing messaging platform.

Twitter is hoping to convince businesses of the advantages of its platform, which include new tools that allows them to get a close understanding of users, including such information as demographics and personal interests.

'Total audience'

The messaging platform, which has not yet turned a profit, has struggled to expand its user base above 300 million, lagging rival networks such as Instagram and well behind the much larger Facebook.

However, Twitter says that one billion people have seen content published on its network through other sites or applications. Twitter promised new tools that will allow better integration with third-party apps, and better integration into websites.

Dorsey said Twitter is focused on its "total audience" including those who view tweets embedded on other websites.

Dorsey told a conference call that Twitter is making progress toward its goals, including better communicating the value of the platform, and is drawing interest from its new Moments platform

that links to breaking news.

"Moments is the simplest way to see what's happening in the world all organized by topic," he said.

"It's early, and we're still collecting feedback but we have seen how Moments improves Twitter. "

Dorsey added that Twitter has begun "an integrated marketing campaign in the United States around Moments that will roll out over the rest of the year and into 2016" and will include television ads beginning with Thursday's baseball World Series.

"We're also doing a better job at leveraging events that demonstrates Twitter's value to our customers," he said.

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