

Twitter leans into subscriptions with Scroll acquisition

Article

Yesterday, Twitter **acquired** Scroll, a subscription service that charges \$5 a month to block ads on participating news websites, and then pays out a portion of that subscription fee back to publishers. Twitter plans to integrate Scroll into its main website as part of the optional subscription service it's building.

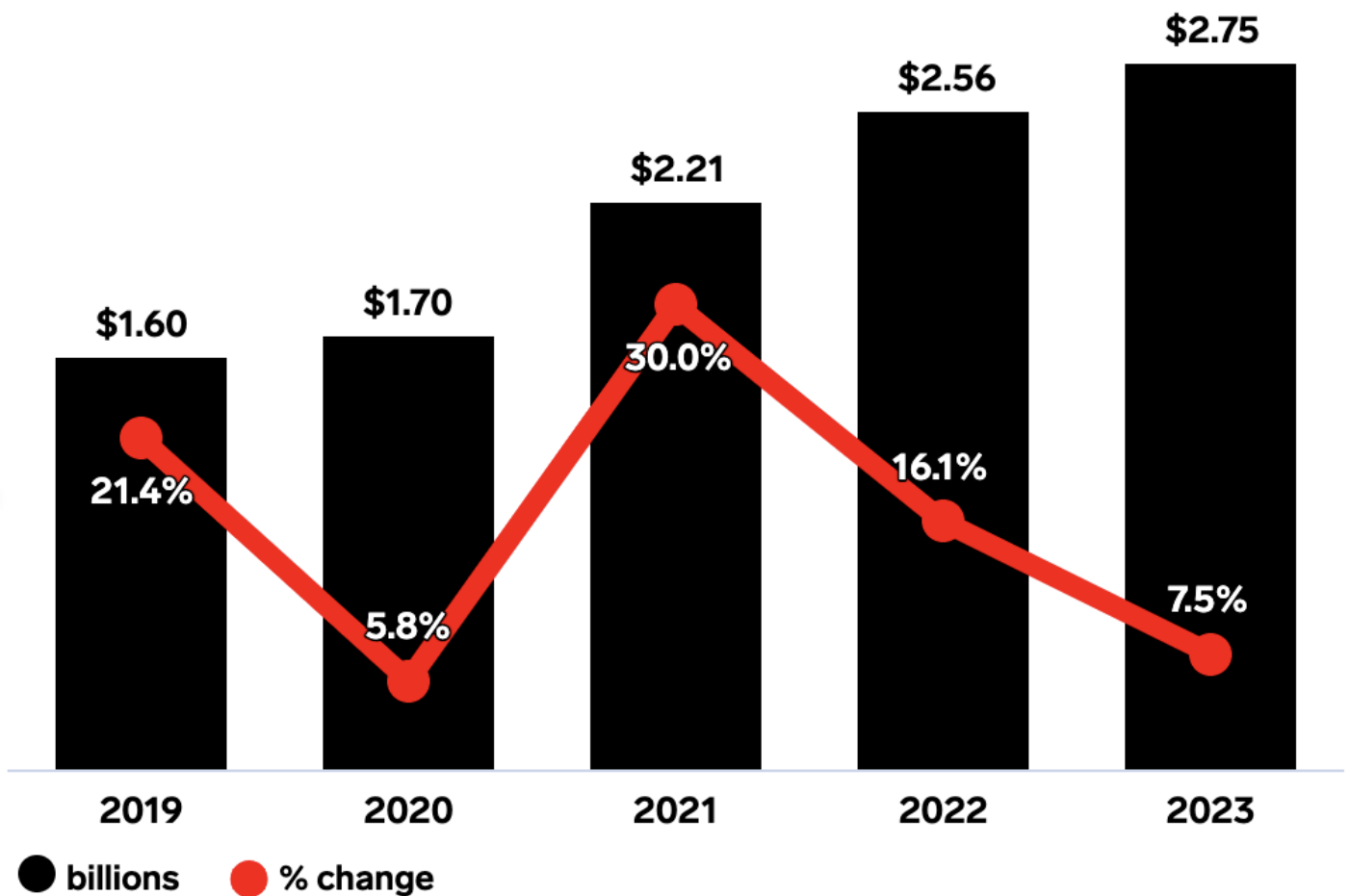
Twitter has sped up development on its subscription product to reduce its dependence on ads. The company has been lightly **considering** subscriptions since at least 2017, but it's gotten much more **serious** over the past year after the unprecedented level of advertiser pullback during the pandemic. Even though **time spent** on the platform grew a massive 29.1% year over year (YoY) in 2020, its US **ad revenues** only increased 5.8%, per our estimates. And though we expect ad revenues to rebound strongly this year, they'll taper off again in the future as time spent returns to pre-pandemic levels and user growth starts falling.

“Considering that Twitter’s Q2 revenue guidance was a bit lower than Wall Street analysts were expecting, that could be a sign that slowing growth in users is impacting ad revenue gains,” said Debra Aho Williamson, eMarketer principal analyst at Insider Intelligence.

“Subscription revenues could eventually help fill in the gaps.”

Twitter Ad Revenues

US, 2019-2023



Source: eMarketer, March 2021 (see below for notes and methodologies).

eMarketer | InsiderIntelligence.com

Its Scroll and Revue acquisitions reveal how heavily Twitter plans to lean on news and creator content for its subscription plans. The platform is **considering** a variety of paid options, from charging to use its management tool TweetDeck to introducing new features like profile customization. But the crux of Twitter's subscription play isn't in features—it's in content. Twitter is approaching this in two ways: Better ways to consume existing content (i.e., Scroll's ad-free access to news), and brand-new exclusive content from creators on the platform (via Revue, the subscription newsletter publishing platform it **purchased** in January). It's also starting to lay the groundwork for its platform to become a home for premium

content, such as **rolling out** professional profiles for businesses and content creators, and running an ad campaign **encouraging** creators and journalists to use its new audio feature Spaces. While the details of what will be included in its subscription product are still murky, it's clear that content will be king.