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TECH

Facebook Tees Up WhatsApp to Make Money

WhatsApp plans to charge companies for two free business tools it began testing this summer, which help businesses from local bakeries to global airlines talk to customers over the app.

By Deepa Seetharaman

Facebook Inc. is getting ready to earn back some of the \$22 billion it spent to buy the messaging service WhatsApp three years ago.

WhatsApp will eventually charge companies to use some future features in the two free business tools it started testing this summer, WhatsApp's chief operating officer, Matt Idema, said in an interview. The new tools, which help businesses from local bakeries to global airlines talk to customers over the app, reflect a different approach to monetization than other Facebook products, which rely on advertising.

“We want to put a basic foundation in place to allow people to message businesses and for them to get the responses that they want,” Mr. Idema said. “We do intend on charging businesses in the future.”

The free WhatsApp Business app allows small businesses to field customer questions or send them updates. Larger companies can do the same with another free tool that lets them plug directly into the WhatsApp platform. WhatsApp is also rolling out verified profiles for businesses so its one billion daily users can distinguish between a person and a business.

Companies in Brazil, Europe, India and Indonesia are testing the free services, including KLM Royal Dutch Airlines. Users must “opt in” to be contacted by a business, a WhatsApp spokeswoman said.

Mr. Idema declined to describe the paid features or say when they would make their debut. “We don’t have the details of monetization figured out,” he said.

The business tools being tested, expected to be detailed in a blog post Tuesday, are another sign of Facebook’s intention to cash in on messaging as it grapples with a slowdown in revenue growth from its core service, news feed.

Facebook owns two of the world’s most popular messaging apps, WhatsApp and Facebook Messenger, and Chief Executive Mark Zuckerberg predicts that messaging could yield dividends for the company within five years. In July, Facebook started showing advertisements inside Messenger, sandwiched between users’ conversations when they open the app. The strategy is similar to how Facebook monetizes the news feed and Instagram, the photo- and video-sharing app it bought for \$1 billion in 2012.

Mr. Idema didn’t rule out that WhatsApp could show ads to users at some point but said the focus was now on connecting businesses and users. Last year, WhatsApp started sharing its user data with Facebook, a step to improve Facebook’s ad targeting and friend suggestions.

Regions where WhatsApp is popular haven’t been as lucrative for Facebook’s advertising business. In the second quarter, Facebook generated \$19.38 per user in the U.S. and Canada but only \$2.13 per user in Asia. India is WhatsApp’s largest market, with 200 million monthly active users out of 1.3 billion globally.

One business taking part in WhatsApp’s commercial project is Gurgaon, India, health-care startup Img, which sells prescription medications online. The company began working with WhatsApp to talk to users after they have submitted orders, co-founder

Gaurav Agarwal said.

If an order sent to lmg lacks necessary details, like documentation of a prescription, lmg staff can send customers a message via WhatsApp's tool for larger companies, asking them to provide an image of the document. Chats from the company appear on customers' phones as coming from WhatsApp verified users.

"It's much easier than through SMS or our app," said Mr. Agarwal, referring to sending text messages or alerts. He said lmg's fulfillment rate for such orders has nearly doubled since implementing the pilot.

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