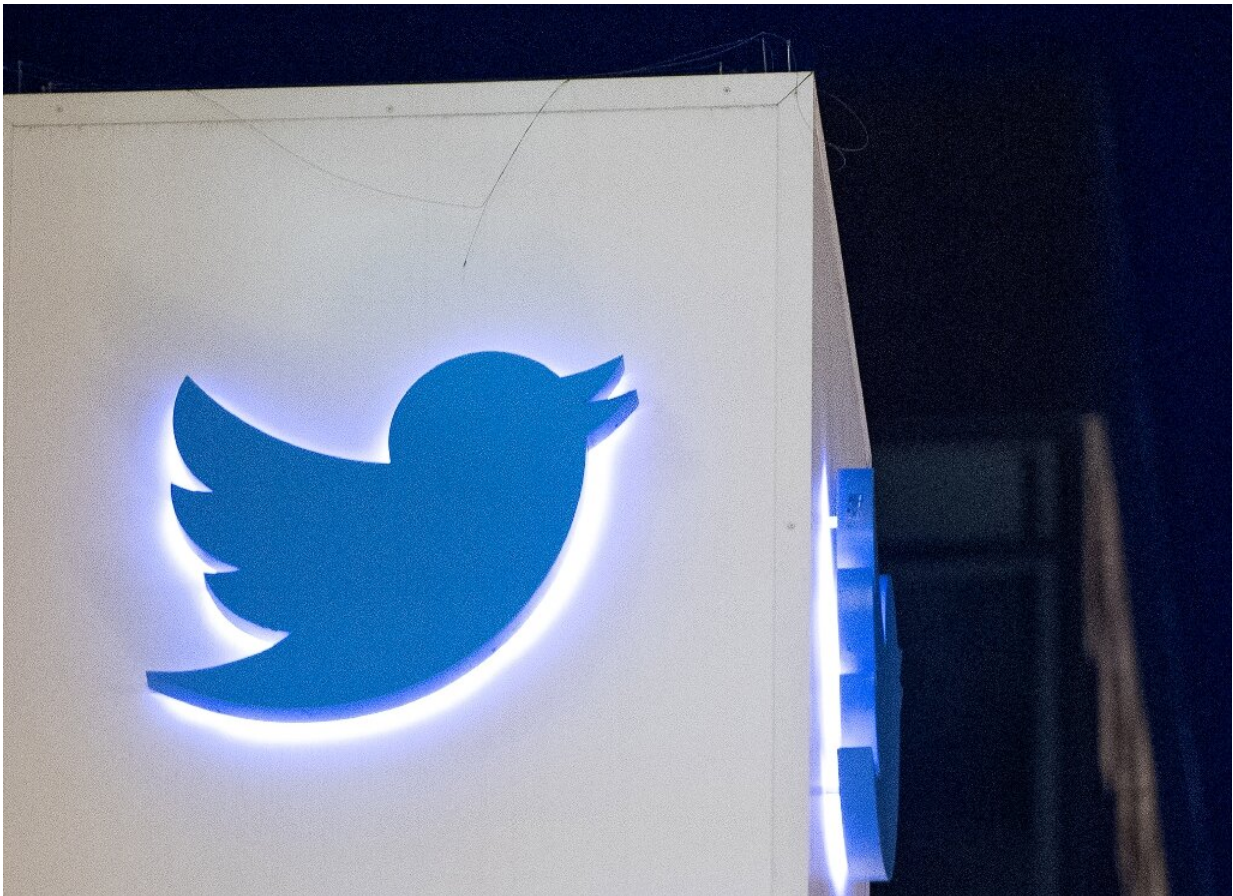


# Twitter swings to loss as pandemic hits advertising

April 30 2020, by Rob Lever

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Twitter saw a jump in new users in the past quarter amid a global pandemic but posted a net loss as ad revenue softened

Twitter swung to a loss in the past quarter as the global pandemic hit

advertising revenue, even as the social platform saw a surge in new users.

In its quarterly update Thursday, Twitter saw an \$8 million loss as revenues edged up three percent to \$808 million and its user base increased 24 percent.

Chief executive Jack Dorsey said the platform was working to be a useful resource for people during the global lockdowns.

"I've never been more sure of the value Twitter brings to people around the world," Dorsey told analysts on a conference call.

He said Twitter's goal is to "serve the global conversation" and that the platform is "helping the world stay informed, and providing a unique way for people to come together to help or simply entertain and remind one another of our connections."

Twitter shares jumped as much as 10 percent in pre-market trade, but later turned negative after expressing caution about prospects for a rebound. Shares opened down 6.4 percent.

Advertising revenue was essentially flat in the period, but were hit by a huge slump in the final weeks of the quarter, Twitter said.

It said ad revenues plummeted 27 percent compared with a year ago between March 11 and 27, when many global events were canceled and US residents began sheltering in place.

"The downturn we saw in March was particularly pronounced in the US, and advertising weakness in Asia began to subside as work and travel restrictions were gradually lifted," Twitter said in a letter to shareholders.

Chief financial officer Ned Segal told analysts it was too soon to know when the ad outlook for Twitter will improve.

Since the company's earnings warning last month, he said, "things remain relatively consistent ... and we thought they may have actually continued to deteriorate" since late March.

Twitter's results come after online giants Facebook and Google reported earnings suggesting the tech sector is weathering the global health crisis despite declines in digital advertising.

The tech sector has become an important lifeline for people to stay connected during the lockdowns, even if online firms are seeing a hit to revenues.



Twitter CEO Jack Dorsey, pictured here in 2018, said the social platform has been a valuable resource to people during the pandemic in serving "the global conversation"

## **14 million new users**

Twitter's preferred measure—"monetizable" daily active users—hit 166 million, a leap of 24 percent from a year ago.

Twitter said 14 million new users joined the platform over the past quarter, its best gain using that metric.

Last month, Twitter dialed back its financial guidance as a result of the COVID-19 outbreak, which has dealt a blow to the global economy and advertising, which makes up the bulk of its revenues.

The San Francisco-based company also struck a deal with activist investors to keep Dorsey in charge in exchange for a reorganization of the board. Dorsey also modified plans to spend a large part of the year in Africa.

Twitter has also been scrambling to weed out hoaxes and misinformation about the coronavirus which have been proliferating on social media.

"We've responded quickly to the challenges, updating our policies, increasing our use of machine learning and automation to take actions on potentially abusive & manipulative content, ensuring continuity of service, and partnering with advertisers to adapt their campaigns," Twitter said.

Twitter said it was not offering a project for the current quarter "given the unprecedented uncertainty and rapidly shifting market conditions."

Jasmine Enberg, an analyst at eMarketer, called the results "a positive surprise."

"A strong January and February were enough to partially offset the steep coronavirus-related declines in its March revenues," Enberg said.

"But Twitter's ad business is heavily event-driven, so the suspension of major sporting leagues in March will have hurt its bottom line and will continue to do so as long as social distancing and stay-at-home measures remain in place."

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