

Twitter gains users, but revenue hit by US unrest

July 23 2020, by Rob Lever



Twitter said advertisers pulled back on marketing on its platform during the racial equity protests in the United States in June

Twitter on Thursday reported soaring user growth in the past quarter even as ad revenues took a hit amid civil unrest in the United States.

The short-message social network reported a net loss of \$1.2 billion in the quarter, most of that coming from setting aside funds for income taxes.

Revenue slumped 19 percent from a year ago to \$683 million. Despite some modest rebound from the pandemic-induced economic slump, Twitter said that "many brands slowed or paused spend in reaction to US civil unrest" in May and June.

Twitter said ad revenue declined 15 percent over the last three weeks of June, but appeared to have rebounded since then.

A key metric for Twitter, the number of "monetizable" daily active users, hit 186 million in the second quarter for a jump of 34 percent from last year.

Chief executive Jack Dorsey said the user gains showed "the highest quarterly year-over-year growth rate we've delivered" using this measure.

"People continue to come to Twitter to learn about and participate in conversations focused on systemic racism, Black Lives Matters, COVID-19 and the reopening and reclosing of economies all around the world," Dorsey told analysts on a conference call.

Twitter shares jumped 6.2 percent in pre-market trade following the release.

Recovering from hack

The earnings report comes a week after Twitter suffered a hack that affected high-profile accounts and raised fears about security of the service which has become a key element of political conversation.



Twitter CEO Jack Dorsey, seen here in 2019, apologized for the hack affecting prominent accounts and said the company was taking steps to improve resiliency

Dorsey apologized for the incident and added that Twitter "moved quickly to address what happened," and had taken additional steps "to improve resiliency."

Twitter acknowledged late Wednesday that in 36 of the 130 accounts that were compromised, hackers were able to access direct messages intended to be private, adding to the severity of the incident.

Those affected included one unidentified elected official in the Netherlands.

"We are actively working on communicating directly with the account-holders that were impacted," Twitter said on its security blog.

Dorsey said of the incident: "We understand our responsibilities and are committed to earning the trust of all of our stakeholders with our every action, including how we address this security issue."

Twitter, an important tool used by President Donald Trump, is seen by some analysts as an important element in news and political discussion, a key to its growth.

The research firm eMarketer said its estimate of Twitter's user base, using a different method than the company, shows the number of users will grow to some 305 million this year.

In the past quarter, "Twitter's user growth accelerated in Q2 as

housebound consumers continued to use the platform to follow news about the coronavirus and other current events," said eMarketer analyst Jasmine Enberg.

Dorsey confirmed reports that Twitter is looking at some kind of subscription option that this would likely be "complementary" to the existing service.

He said Twitter was "in the very early phases of exploring" a new subscription plan and that some tests are likely this year, while adding that "we have a really high bar for when we would ask consumers to pay for aspects of Twitter."

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