

# Rattled and uncertain of its future, Twitter stumbles on

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Under the cloud of Elon Musk's buyout bid, Twitter is left in limbo.

Anxious employees, wary advertisers and hamstrung management: Twitter is limping along as it waits to learn how the fight over Elon Musk's buyout bid will end.

Just days before the first court hearing in Twitter's lawsuit seeking to force the Tesla boss to close the \$44 billion deal, the firm is stuck in limbo.

"The best conclusion for me would be that he leaves us alone, so that we can go on our merry way," an engineer at the key social media network told AFP on condition of anonymity.

The engineer spoke of employees departing and a "climate of uncertainty that does not leave one with a peaceful state of mind."

"We're still trying to do our work normally, because the main reasons why we chose to work for Twitter still hold true," he added.

But there's been nothing normal about Musk's unsolicited bid that he's now backed away from, saying Twitter has obfuscated on the number of fake accounts on the platform.

He has harangued the network, on its own platform no less, with mocking tweets about its management and direction.

"Musk's repeated disparagement of Twitter and its personnel, create uncertainty... that harm Twitter and its stockholders," the firm's lawyers argued in their lawsuit lodged this week.

The billionaire's comments "also expose Twitter to adverse effects on its [business operations](#), employees, and [stock price](#)," the lawyers added.

A judge has set the first hearing in the case for Tuesday in a court in the eastern state of Delaware.

## **Sluggish ad sales**

"Twitter is facing a huge image crisis, and confidence in its leadership is wavering," eMarketer analyst Debra Williamson told AFP. "But whether the Musk situation has affected its revenues is unclear."

She said the most loyal advertisers have likely stuck around, but those less committed to Twitter may have scaled back their spending while waiting for the endgame.

Angelo Carusone, president of watchdog group Media Matters, thinks the damage is already done because Musk has been a frequent critic of content moderation.

The fight against hate and disinformation is widely defended internally, but also by many advertisers, concerned that their brands are not associated with toxic messages.

Carusone said that in early May, at an annual marketing event where companies negotiate large advertising deals, Twitter was "not able to give advertisers any clarity or confidence" that it would continue to be safe showcase for them.

"They didn't go anywhere close to what they normally sell at that event. And it's obviously been sluggish since then," he added.

The San Francisco-based social network cannot afford to lose customers.

Unlike big fish such as Google and Facebook parent Meta, which dominate [online advertising](#) and make billions in profits, Twitter lost hundreds of millions of dollars in 2020 and 2021.

The group will capture less than one percent of global ad revenue in 2022, according to eMarketer, compared to 12.5 percent for Facebook, 9 percent for Instagram and nearly two percent for booming upstart

TikTok.

On top of that, Twitter's user base is barely expected to grow and may even shrink in the United States, noted Williamson, the eMarketer analyst.

## **'Twitter can't meaningfully respond'**

Musk once had potential Twitter investors salivating with his talk of growing revenue fivefold and aiming for a billion users by 2028.

Instead, a court battle is building to "end either with Twitter being owned by an unhappy investor who decided he didn't want it after all, or with Twitter on its own and weaker than it was before this all started," Williamson added.

The battle is set to last for months, and at a time when economic headwinds are steady and firms need to be nimble to monetize new audio and video formats, diversify revenue sources and attract younger audiences.

"At least Facebook can respond to current threats, even if they're responding poorly, they can respond," said Carusone, the Media Matters president.

"What Twitter cannot do right now is meaningfully respond to anything."

The social network's lawyers have blamed Musk for withholding consent for two employee retention programs "designed to keep selected top talent during a period of intense uncertainty generated in large part by Musk's erratic conduct."

Internally, some employees have also lost confidence in management,

which they would have liked to be more combative in dealing with the world's richest person.

Parker Lyons, a financial analyst at Twitter, went so far as to tweet several memes that took aim at the firm's board for its deal with Musk.

In one, the board is shown firing bullets into Twitter above the sarcastic caption: "Who could have done this?"

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