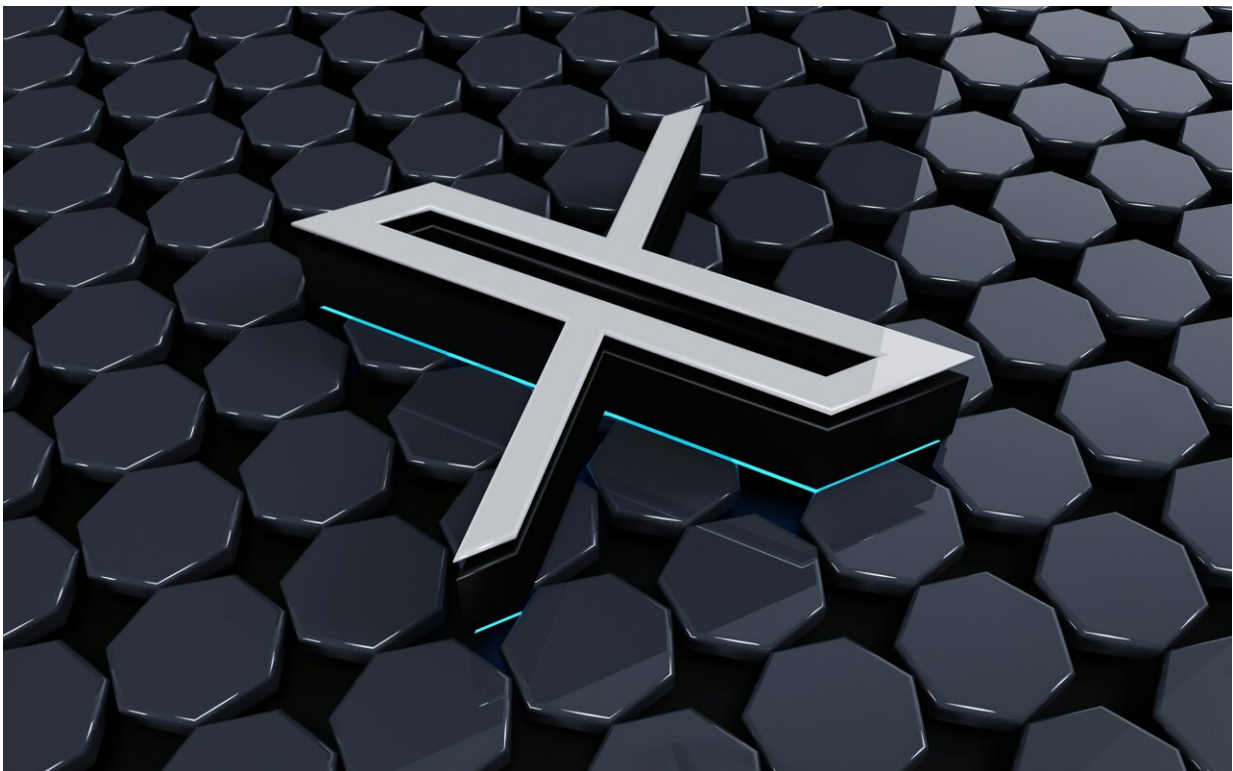


Musk's X 2023 ad sales projected to slump to about \$2.5 billion

December 13 2023, by Kurt Wagner, Bloomberg News



Credit: Unsplash/CC0 Public Domain

Elon Musk's X, the social network formerly known as Twitter, is on track to bring in roughly \$2.5 billion in advertising revenue in 2023—a significant slump from prior years, according to people familiar with the matter.

X generated a little more than \$600 million in advertising [revenue](#) in each of the first three quarters of the year, and is anticipating a similar performance in the current period, according to a person familiar with the numbers. That compares to more than \$1 billion per quarter in 2022.

Ad sales currently make up between 70% and 75% of X's total revenue, according to two people with knowledge of the matter. That would imply 2023 sales of roughly \$3.4 billion, including sales from subscriptions and data licensing deals.

The previously unreported sales figures underscore with greater clarity advertisers' unease with how X is handling content moderation under Musk, and in particular the new owner's posts that amplify antisemitic and other extremist views.

X executives had originally targeted \$3 billion in revenue from advertising and subscriptions in 2023, but will fall far short of that number, one of the people said. The annual number is still in flux because the holiday quarter isn't yet over.

"This presents an incomplete view of our entire business, as the sources you're relying on for information are not providing accurate and comprehensive details," said Joe Benarroch, head of business operations for X. The company stopped reporting public financial data after Musk's October 2022 takeover.

Benarroch described X as an "evolving NEW global business with multiple revenue streams. We are not Twitter any longer and not measuring ourselves by old Twitter metrics—both in revenue and user metrics."

X has historically relied on advertising for the bulk of its sales, but that business has been in decline since Musk's takeover. Musk has confirmed

that sales are down considerably. In March he said that ad revenue was down "roughly 50%," a statistic he echoed again on Twitter in mid-July, without giving a time frame. In September, Musk also confirmed that U.S. ad revenue was down 60%. He blamed the decline on activists who have encouraged marketers to halt spending on the service.

The company also makes money from its [subscription service](#), X Premium, and from data licensing agreements. External estimates peg the subscription business at less than \$120 million annually. In 2021, X (then Twitter) generated \$572 million in revenue from data licensing deals.

X was not profitable when Musk took over, but the company reported more than \$5 billion in revenue the year before Musk acquired the company. In early 2021, Twitter executives led by then-CEO Jack Dorsey set a public goal to reach \$7.5 billion in revenue by the end of 2023.

Instead, Musk has slashed costs and unintentionally spooked many of the service's brand-conscious marketing partners. Musk routinely posts controversial statements to his 165 million followers, and has reversed several bans of users who violated policies—most recently the conspiracy peddler Alex Jones.

In November, Musk voiced his support for an antisemitic post, leading several major advertisers, including Apple Inc. and Walt Disney Co., to pause spending. Musk later apologized, but at a conference at the end of November, he said pulling their money amounted to blackmail.

Musk previously told employees and investors that he would like subscription revenue to make up half of the company's total business, but the service has just over 1 million paying subscribers, far fewer than Musk had initially hoped, according to a person familiar with the

numbers. X has been trying to move away from its reliance on major brand advertisers, and recently started courting more small- and medium-sized businesses to the platform.

Musk, at November's DealBook conference, said he feared that the decline in ad revenue could cause the company to fail.

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