

Twitter has long been more talk than money

26 April 2022, by Thomas Urbain, Juliette Michel



Twitter has accepted a \$44 billion bid from Elon Musk to acquire the company.

Billionaire Elon Musk is capturing a social media prize with his deal to buy Twitter, which has become a global stage for companies, activists, celebrities, politicians and more.

Despite its reach and impact, the San Francisco-based one-to-many messaging platform has struggled to generate the kind of revenue seen by social media peers such as Facebook and TikTok.

Since its founding in March of 2006, Twitter has amassed 217 million daily active users, more than 80 percent of them outside the United States.

Twitter did not taste profit until the end of 2017, and the following year was its first to finish financially in the black.

Twitter reported a loss of \$221 million last year.

While often associated with the giant Silicon Valley [social media platforms](#), to the extent that co-founder and then-chief Jack Dorsey has been grilled by US legislators, it is vastly eclipsed by its peers when it comes to profit and share value.

A challenge that has vexed Twitter since its inception is how to weave in ads or other money-making tactics into the real-time flow of posts by users without ruining the experience people love on the platform.

The fleeting nature of tweets has meant that marketing messages in posts may not spend much time in the spotlight for Twitter users to see.

An added challenge is how to make sure ads, sometimes in the form of tweets promoted to the tops of feeds, do not wind up next to vitriol, misinformation or other troubling content that brands do not want to be associated with.

However, politicians, institutions and marketers have learned how to turn Twitter to their advantage with clever or controversial posts that get shared as "retweets." But while these can spark viral online conversations, they do not necessarily result in Twitter directly making money from them.

Town square?

Some have opined that Twitter, while hard to squeeze money out of, has become an internet version of the "town square," and is so important that it should almost be considered a public utility and come with free speech protections.

Twitter was the preferred method of communication during former US President Donald Trump's four years in office, as opposed to press briefings at which he would face questions from reporters.

Investors had essentially steered clear of Twitter stock, which prior to Musk's uninvited takeover bid launched three weeks ago was worth 12 percent less than it was priced when the company's shares first went public more than eight years ago.

Twitter last year introduced a "Blue" subscription tier offering exclusive content and features, and Musk has made it clear he is a fan of such models at the platform.

There is a risk though, that if Musk follows through on his vow to let people say pretty much anything they want on Twitter, moderate users will not want to pay subscriptions to be in a platform turned hostile, said Hargreaves Lansdown analyst Susannah Streeter.

Money over mindfulness?

Musk taking Twitter private will provide more room to maneuver, but will not guarantee success, according to analysts.

As a private company, Twitter will be free to make changes that might irk shareholders or take longer than they like to pay off.

Musk and his partners buying Twitter will be able to focus more intently on the financial side of the business, and not fret over issues such as diversity that might be important to shareholders at a public firm.

And despite talk of making the software running Twitter more transparent, the business side would have to disclose less to the public as a private operation.

Musk will be able to shrug off concerns about the environment, diversity or political correctness and decide "to hell with it", running Twitter the way he thinks is best, William Lee of the Milken Institute told AFP.

© 2022 AFP

APA citation: Twitter has long been more talk than money (2022, April 26) retrieved 16 August 2022 from <https://techxplore.com/news/2022-04-twitter-money.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.