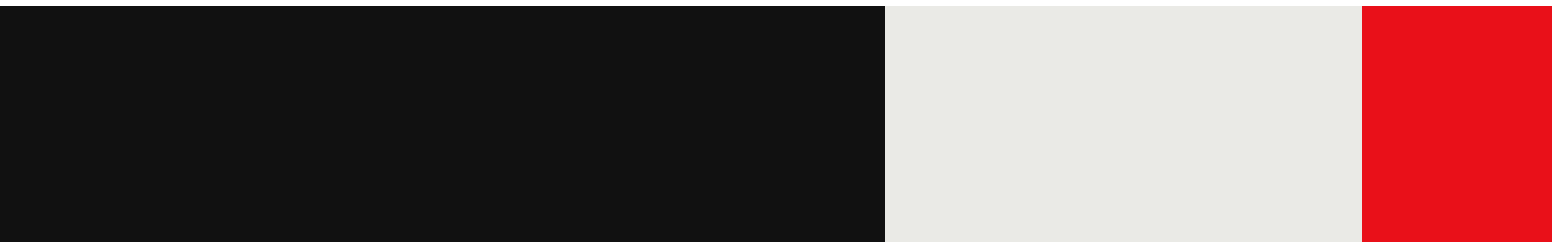


# The Daily: Is Twitter in permanent decline, what AI will do to social media, and TikTok's US shopping platform

Audio



On today's episode, we discuss the implications of Twitter's new CEO choice, what Tucker Carlson moving his show to the platform means for advertisers, and what to make of Twitter alternative Bluesky. "In Other News," we talk about the effect AI will have on social media and what to expect from TikTok's US shopping platform. Tune in to the discussion with our analyst Jasmine Enberg.

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## Episode Transcript:

Marcus Johnson:

Hey, gang. It's Thursday, May 18th. Jasmine and listeners, welcome to the Behind the Numbers Daily, an EMarketer podcast made possible by InMobi. I'm Marcus. Today, I'm joined by one of

our principal analysts who covers everything social media. Based out of California, we had her on a few episodes ago talking about Snapchat. She's here today to talk some Twitter is Jasmine Enberg.

Jasmine Enberg:

Hey, Marcus. Hey, everyone.

Marcus Johnson:

Hello, hello. Today's fact is, of course, Finland-related cause Jasmine is Finnish, and I promised her a Finnish fact every episode she is on.

Jasmine Enberg:

I'm still amazed that you're keeping that promise.

Marcus Johnson:

Yeah, you might not be on in a while.

Jasmine Enberg:

This is the last time.

Marcus Johnson:

They're hard to find. Finding the fact of the day takes over about 90% of my work time. So how important are saunas to people in Finland? Well, in Finland, a country of five and a half million people, there are three and a half million saunas, which is staggering, in homes, offices, airport lounges and even parliament.

Jasmine Enberg:

Mm-hmm.

Marcus Johnson:

That would be one sauna for every one and a half people. Saunas assist blood flow, release toxins and ease stress. I've got three questions for you, Jasmine, real quick.

Jasmine Enberg:

Sure.

Marcus Johnson:

You can help confirm or deny these theories or these myths or maybe truths about saunas in Finland. So is it true that the length of a sauna in Finland can last anywhere between five minutes to over five hours?

Jasmine Enberg:

Yes.

Marcus Johnson:

Jesus. God, that can't be good.

Jasmine Enberg:

It's an activity and it's a social activity.

Marcus Johnson:

Okay. All right. Fair enough.

Jasmine Enberg:

Mm-hmm. It can also be a business activity.

Marcus Johnson:

No.

Jasmine Enberg:

A lot of business gets done in saunas. Mm-hmm.

Marcus Johnson:

Oh my goodness. Five hours?

Jasmine Enberg:

Well, you're not in the sauna all five hours.

Marcus Johnson:

Okay. All right. Good. Oh my goodness. Just blacked out, just on the bench. Marcus okay?

Number two, are the Finns' two favorite sauna drinks lager beer and Hartwall Long Drink, also known as lonkero?

Jasmine Enberg:

Lonkero.

Marcus Johnson:

Nailed it. Lonkero.

Jasmine Enberg:

It was very good.

Marcus Johnson:

Which is a mix of premium Finnish gin and grapefruit.

Jasmine Enberg:

Yes.

Marcus Johnson:

Are they the two... They're the two sauna drinks?

Jasmine Enberg:

Well, I don't want to speak for all Finns, but-

Marcus Johnson:

You can.

Jasmine Enberg:

I can? Okay. And then yes. My personal one is a lonkero.

Marcus Johnson:

It's a lot of power. Okay, okay.

Jasmine Enberg:

That is my go-to sauna drink. It's actually my go-to drink in general when I'm in Finland.

Marcus Johnson:

Oh.

Jasmine Enberg:

It's very good. And they have it here in the US now. It came a couple of years ago. So highly recommend trying it.

Marcus Johnson:

All right, folks. We heard it here. Saunas. Five hours is too long. I'm sorry. I can't. It's too long.

Jasmine Enberg:

I mean, I wouldn't say a typical sauna lasts five hours.

Marcus Johnson:

Okay, okay. All right.

Jasmine Enberg:

But it can.

Marcus Johnson:

All right. In Finland, there's no homes. They're just all big saunas that people live in. All right, today's real topic, Twitter. Are they in permanent decline, what Tucker Carlson moving to the platform means and What should we make of an alternative called Bluesky?

In today's episode, first in the lead we'll cover Twitter. Then for In Other News, we'll discuss whether AI will make social media more toxic. Spoiler alert, probably. And where we stand on the rollout of TikTok's new shopping platform in the US.

So Jasmine, the lead. We're talking Twitter. Let's start by talking about how they're doing. Are they trending up or trending down? "Is Twitter finally dying?" asks Shirin Ghaffary of Vox, a person's name I just learned how to pronounce properly over the weekend after I met her



friend. So sorry, Shirin. After years of mispronunciation of your name after quoting you. So I'm sorry about that. But I've got it down now.

In her article, she notes that Elon Musk took charge six months ago after initiating his Twitter takeover a year ago, and it ain't been smooth sailing, to say the least. Not according to Mr. Musk. He thinks usage is at a record high. Most advertisers have come back, and the company is on track to make a profit by next quarter. Counter argument is that Twitter has seen a sustained uptick in outages and bugs. Less than half of Twitter's top 1,000 advertisers spent money on ads in March, and its web traffic fell 8% last month year on year. Jasmine, where do you land on the spectrum of Twitter has been rehabilitating an injury, so it's getting there and it's working on something, versus it's got a more systemic injury?

Jasmine Enberg:

Well, I think if we've learned anything over the past few months of Musk era Twitter, it's that it is a platform that is incredibly difficult to kill. So even with all of the chaos that has happened, it's still surviving. But it certainly hasn't been thriving for a very long time.

I do think the news last week that Linda Yaccarino, who was the head of advertising at NBCUniversal, becoming Twitter's next CEO gives me a little bit more hope for the future of Twitter. I think she is exactly what the company needs to start to regain advertiser trust and bring back brands. Still, whether she can fully turn things around after all of the damage that's been done is an open question.

Marcus Johnson:

Yeah. Yeah, so former head of advertising at NBCUniversal , previous guest on Behind the Numbers. Shout-out to Linda Yaccarino. She'll start around July. Mr. Musk says he'll remain involved as executive chairman and CTO. Obviously, he still owns the company as well. You called this. You said... Well, you didn't say Linda.

Jasmine Enberg:

I did.

Marcus Johnson:

That would've been very specific, but-

Jasmine Enberg:



No, but I wish I had. The writing was on the wall.

Marcus Johnson:

It's definitely going to be Miss Yaccarino. But you did say that there would be a new CEO at Twitter by the end of the year. Maybe happened sooner than we expected.

Jasmine Enberg:

Yeah. In all fairness, I mean Musk has been talking about stepping down from the CEO position since very early on. So I did call it, but-

Marcus Johnson:

A week after.

Jasmine Enberg:

Yeah.

Marcus Johnson:

Week after he took the position, he's like, "Actually."

Jasmine Enberg:

But there were a lot of people who didn't believe him, and for a good reason.

Marcus Johnson:

Yeah.

Jasmine Enberg:

He backtracks on a lot of the things that he said. I thought it had to happen. I believed it was inevitable because it was the only path forward for Twitter.

Marcus Johnson:

Mm-hmm.

Jasmine Enberg:

But you raised a really good point that Musk is still going to be very much involved in Twitter. And I think so much of what happens next and how successful Yaccarino will be in her job depends on whether Musk empowers her to lead and actually make decisions.

Marcus Johnson:

So you mentioned about her being there to try to bring advertisers back or restore some confidence in the platform as an advertising platform. Arian Campo-Flores and Patience Haggin at the Wall Street Journal pointing out that of Twitter's former top 100 advertisers from before Mr. Musk bought the company, 37 of the top 100 appeared to spend nothing on Twitter ads in Q1, according to Sensor Tower. Of that former top 100, a further 24 brands appeared to have reduced their average monthly Twitter ad spending by 80% or more versus before the acquisition. So over half either spending nothing or have reduced their ad spend. However, Ms. Ghaffary of Vox was noting despite the broad exodus of brands, a handful of major brands, McDonald's, Disney, Apple, continue to spend on the platform. How much do you think the arrival of Miss Yaccarino can tip the scales back in favor of Twitter being seen as a positive experience for advertisers?

Jasmine Enberg:

So I think it's a huge step forward. One of the reasons that a lot of these brands left, and probably the biggest reason that many of these brands left, was due to brand safety. They were concerned about the loosening of content moderation controls on the platform. And I think in recent months, the risk assessment really moved from the platform to the person in charge. So changing the person in charge to somebody who has vast experience and an incredibly good relationship with the advertising community will help, but it's only one step. So there are a lot of fixes to Twitter's content moderation rules that need to also take place. But I think what we've learned here is that even if Musk were to make changes that would appeal to those advertisers, because they don't trust him, it really didn't matter what he said, right?

Marcus Johnson:

Falls on deaf ears. Yeah.

Jasmine Enberg:

Yes. But Yaccarino, because she has that trust and has that respect from the advertiser community, if they are able to make real changes to the platform that benefit advertisers and she communicates them, I think that will be a winning combination for the platform.

Marcus Johnson:

Yeah. They need to do something because they're in trouble on the users front and on the ad dollars front. I mean, they don't report anymore because since Mr. Musk took the company private, but we have some numbers. In terms of users, we forecast 364 million Twitter users worldwide, but we expect them to lose 15 million users next year and a further 18 million the year after that. Put another way, we expect worldwide Twitter users to shrink by 9% by 2025. We expect the user decline in the US to be more drastic, falling twice as fast, 16% from today to 2025, whereby 14% of Americans will be using the platform by then. Down from 17% today. So users are going in the wrong direction.

And then we also, in terms of ad dollars, expect Twitter's ad revenues to fall nearly 30% this year in the US and a further 7% next year. So it's going to be, obviously you mentioned, Jasmine, a step in the right direction, but much more has to happen to stem a lot of that bleeding on the users and the ad dollars front.

Jasmine Enberg:

Yeah, absolutely. And I think going back to that big question of how much is Musk going to give Yaccarino leeway to make the changes that are needed.

Marcus Johnson:

Yeah, yeah. That's the big question. One reason that Twitter's still alive, according to Miss Ghaffary, is because there's no viable competitor. And so enter Bluesky, I guess.

So Bluesky is a decentralized invite-only clone of Twitter backed by Twitter co-founder Jack Dorsey. It opened its invite-only beta to about 50,000 users in recent weeks, and it has been making some noise in the headlines. What should we make, Jasmine, of this Twitter alternative, if you will, as it's been positioned called Bluesky at this point?

Jasmine Enberg:

Are you on Bluesky, Marcus?

Marcus Johnson:

Nope. But that's not saying much. I'm on zero thing. It's a miracle I have a smartphone, to be perfectly honest.

Jasmine Enberg:

Well, I am. So anybody who's listening and has a Bluesky account, please follow me. That was a shameless plug. But-

Marcus Johnson:

Unbelievable. Cut that, Victoria. We can't have that in.

Jasmine Enberg:

Yeah. I mean, I think it's really early days for Bluesky, but I think the big picture here for me is that there is a real desire for a Twitter alternative, particularly among groups that have been marginalized or felt marginalized on Twitter. And like you said, Bluesky is the closest thing that we have seen so far to a Twitter replica.

In fact, it's basically early Twitter just without Elon Musk, and it is decentralized. That is the one key difference. Right now, that doesn't really matter because we're all using the same network, so to speak, within the platform. But as it scales and opens up its API to developers, the challenge for Bluesky going forward is to keep its easy-to-use interface and also ensure that it remains a safe platform for users. But thinking about all of the different quote, unquote, "Twitter alternatives" that have emerged recently, I think this is the one biggest potential contender that we see.

Marcus Johnson:

Mm-hmm. It seems to be, according to some research from CivicScience... So they asked US adults how formidable Bluesky might be as a Twitter alternative. 16% said they're at least somewhat likely to join Bluesky if granted access, and a much higher 42% of Gen Z adults were at least somewhat likely to give it a try. So folks are certainly interested.

Jasmine Enberg:

Yeah, and I think the group of people who are probably even more interested are journalists. A lot of the people, or the accounts that I follow on Bluesky or interact with on Bluesky, are the same journalists and news organizations that I interact with on Twitter. And that, to me, is

really important and worth noting because one of the reasons that Twitter hasn't "died," quote, unquote, is that journalists haven't been able to give it up.

Marcus Johnson:

Right.

Jasmine Enberg:

And if they can find another place to go, that could be really damaging to Twitter in the long term.

Marcus Johnson:

So speaking of journalists and news organizations, Tucker Carlson, who has recently let go from Fox News, will host his next show on Twitter. Mr. Musk made it clear that Twitter hadn't signed a deal of any kind with Mr. Carson and that he is subject to the same rules and rewards of all content creators. Jasmine, what does Tucker Carson moving to Twitter mean in general and mean for advertisers?

Jasmine Enberg:

Yikes. I have a lot of thoughts.

Marcus Johnson:

There we go.

Jasmine Enberg:

I think the first thing I would say is that I don't think that Tucker Carlson is necessarily going to find Twitter to be as welcoming and as lucrative as he might think that it is-

Marcus Johnson:

Interesting.

Jasmine Enberg:

... in the current state that Twitter is today. I mean, Twitter's ad business is already in a dismal state. We've talked about it. And the fewer ad revenues Twitter generates, the less money

creators, including Tucker Carlson, can make from the ad revenue sharing program that Musk has promised.

Marcus Johnson:

A smaller part.

Jasmine Enberg:

Right. And in terms of advertisers, I think Carlson could exacerbate some of the content moderation brand safety concerns that we've already talked about, and maybe that's one reason that advertisers might steer clear even with Linda Yaccarino in charge.

Marcus Johnson:

Mm-hmm.

Jasmine Enberg:

That said, Twitter is a platform that thrives on news and controversy. Carlson provides plenty of the latter, and that could boost engagement. Again, whether that engagement translates to the type of quality engagement that advertisers are looking for is debatable.

Marcus Johnson:

Yeah. Yeah, he did have advertisers on his show. Some advertisers did avoid his show. The audience size, the kind of audience he can generate, is really going to be a huge part of this. Mr. Carson, so he regularly averaged over 3 million viewers on his Fox show, which made his show one of the highest rated on all of basic cable. He's got 7 million followers on Twitter, and his I'm back video announcing his move to Twitter got 22 million views. So a lot of how much he can make and how successful this can be is going to obviously have to do with how big of an audience he can draw on this platform. He wants to be on Twitter, I mean, in large part because we're entering the run up to the 2024 elections. So I think that's one reason why he moved so quickly to another platform as opposed to taking some time and figuring out his next move. Because he's still under contract with Fox, right Jasmine? He's headed for a potential legal battle over his move to Twitter.

Jasmine Enberg:

Mm-hmm.

Marcus Johnson:

Which I don't quite understand because he's been fired, so you would've thought the contract had ended. But apparently, he's still under contract with Fox somehow.

Jasmine Enberg:

Yeah. And, I mean, I don't pretend to know about all the legal aspects of it, but I think what's really interesting to me also about this is how much user lap is there between Tucker Carlson's audience on Fox News on his show and his Twitter followers. I assume there is some.

Marcus Johnson:

Right.

Jasmine Enberg:

But if you look at who Twitter users are versus Fox News viewers, it's not necessarily the same audience.

Marcus Johnson:

Yeah.

Jasmine Enberg:

And I still find it hard to believe that Carlson is going to be able to convince enough people to watch a show that they were used to accessing for free on a platform that they were also used to accessing for free to start paying for it if he went, for example, the subscription-only route which Twitter has recently rolled out. I do think you certainly get some signups, and maybe this could be somewhat of a boost for Twitter's ambitions on the subscription revenue side of things, but I'm still not fully convinced it's going to be as big as some people may want to believe.

Marcus Johnson:

Right. That's it for the lead. Time, of course, for the halftime report. Jasmine, one takeaway from the first half.

Jasmine Enberg:



My big takeaway is that Friday was overall a pretty good day for Twitter, and it hasn't had one of those in a long time. Friday, of course, was the day that it was announced that Linda Yaccarino was taking over as CEO. I am a lot more optimistic about Twitter's future prospects and even Musk's potential plans to transform Twitter than I was just a few days before Friday. There's still a lot of challenges, but it's nice to see one bright spot at least.

Marcus Johnson:

Quickly for me, how much do you agree with this out of 10? So Wharton marketing professor Patti Williams, who studies people's opinions about companies thinks, Mr. Musk has disrupted the trust it had with journalists and their audiences, but that's just one type of audience. For all the news junkies, culture makers, politicians he alienates, Musk might be gaining more diehard users, including Tesla enthusiasts, coders, crypto traders and gamers, Miss Ghaffary of Vox was noting. "In essence," she writes, "Musk is jeopardizing the strength of Twitter's brand, but he's also building a new one in the process. So is Twitter dying? The answer is, the old Twitter is already dead. What's uncertain is what the new Twitter, or X or whatever Musk calls it, will ultimately look like and whether it will survive." How much do you agree with that take?

Jasmine Enberg:

Ooh, on a scale of one to 10?

Marcus Johnson:

Yep.

Jasmine Enberg:

Probably about a seven, I would say. I'm actually... And I'll explain why, because I think the first point is, is that it is absolutely correct that Musk has a fan club. And he has strengthened that fan club while he's been alienating other Twitter users.

Marcus Johnson:

Mm-hmm.

Jasmine Enberg:

What that means in the long term for the viability of a platform that is based solely on his fan club and on his brand? I'm not sure. But yeah, I would say that the old Twitter, the pre-Musk

Twitter, that's gone.

Marcus Johnson:

Mm-hmm.

Jasmine Enberg:

So that's why I would agree.

Marcus Johnson:

Right. I mean, it's definitely gone technically. Point of order, Mr. Musk quietly merged Twitter with a new shell company called X Corp. So technically, Twitter Inc. no longer exists even though Twitter still does.

That's all we've got time for, for the first half time for the second, today in other news. Is AI about to make social media much more toxic? And TikTok delays the full rollout of its US shopping platform.

Story one, AI is about to make social media much more toxic, suggests social psychologist Jonathan Haidt and former Google CEO Eric Schmidt in a recent essay for The Atlantic. Their concerns are that generative AI will likely exacerbate social media's ills, making it more addictive, divisive and manipulative, focusing the piece that they wrote on four main threats. One, washing ever-larger torrents of garbage into our public conversation to distract and disorient society. Two, widespread manipulation of people by AI-personalized super influencers. They cite, "Think about how addictive a personalized slot machine would be." Three, the vulnerability of kids to addictive and manipulative online platforms that use AI because of the low level of development in their prefrontal cortices. And four, AI will strengthen authoritarian regimes. Jasmine, what's your take on this essay?

Jasmine Enberg:

It does raise really important questions. There are a lot of risks associated with generative AI, and they correctly call out many of them. And I don't think that we fully understand all of the potential risks yet. And I personally take a proceed with caution approach to generative AI, to ChatGPT, but with the understanding that this is the direction that we're heading in. And it is good to talk about the potential risks, but at the same time make sure we're also offering solutions.

Marcus Johnson:

Mm-hmm.

Jasmine Enberg:

And thinking about the future, along that vein, I also imagine that the next big social media platform could be generative AI driven, and I truly hope that The Atlantic writes a piece about that.

Marcus Johnson:

We've got to explore that some more.

Jasmine Enberg:

Yes.

Marcus Johnson:

You think the next big social media platform could be generative AI driven?

Jasmine Enberg:

Yeah, why not? I mean, we're seeing the social platforms already start to incorporate generative AI chatbots like Snapchat has. Meta is leaning more into the content creation side of things. And there's got to be somebody out there. They're building a generative AI platform. I'm not saying it's going to be fully that, but I would assume that that would make up a huge part of whatever the next big social platform will be.

And part of that reason is because we've seen a bunch of social platforms bubble up, but none of them have gained serious traction. The last one that did was TikTok, and it's because it offered an entirely novel experience. Of course, there were a lot of reasons, but this was a big one. And what would offer an entirely novel experience right now would be a generative AI platform.

Marcus Johnson:

Mm-hmm. Now, I've got to go look for another fact about Finland now so we can have you back on to talk about this. Great.

Story two. TikTok delays the full rollout of its US shopping platform as concerns over its future have deterred merchants from joining, notes Raffaele Huang of the Wall Street Journal. It was supposed to be launching early spring. Now, it's June at the earliest, but probably later. TikTok said the launch hasn't been delayed, but rather it's still testing things out. Jasmine, what do you make of TikTok supposedly delaying the full rollout of its US shopping platform?

Jasmine Enberg:

So I'm not surprised, and I am actually writing a report on TikTok Shop right now-

Marcus Johnson:

Oh.

Jasmine Enberg:

... which will publish in early June. So this was perfect timing-

Marcus Johnson:

Oh, hello.

Jasmine Enberg:

... to bring this article into the conversation. I don't want to give too much of it away right now, but the discussion in the report centers around whether or not there is an appetite for TikTok Shop among consumers and whether brands should be thinking about signing up for it. I'll give a teeny, tiny bit of a spoiler, and that is that TikTok Shop is a solution in search of a real problem.

Marcus Johnson:

Mm. Okay, so you're writing a report on this now?

Jasmine Enberg:

Yes, I am.

Marcus Johnson:

See, I didn't even mean to do that. People listening are like, "Yeah, of course, Marcus. Yeah, of course you had this article to tee up." I had no idea. I'm not that clever. Don't give me that

much credit.

That's what we've got time for this episode. Thank you to Jasmine.

Jasmine Enberg:

Thanks for having me.

Marcus Johnson:

Of course. Thank you to Victoria who edits the show, James who copyedits it and Stuart who runs the team. Thanks to everyone for listening in. We'll see you tomorrow, hopefully, for the Behind the Numbers Weekly Listen. That's an eMarketer podcast made possible by InMobi.