

X files federal antitrust lawsuit charging GARM with coordinating a platform boycott

Article

The news: X has filed a federal antitrust lawsuit against an advertising industry coalition, targeting the **Global Alliance for Responsible Media (GARM)** and several of its members,

including **CVS Health, Mars, and Unilever.**

- The suit alleges that GARM (which X [rejoined just last month](#)) and its affiliates orchestrated an advertising boycott of X after **Elon Musk** acquired the platform in 2022.
- In an open letter, X CEO **Linda Yaccarino** condemned GARM's actions, asserting that they have harmed both the advertising industry and the marketplace of ideas.
- This legal action comes in response to a significant decline in X's advertising revenues, which have fallen from \$4.5 billion in 2021 to [\\$1.91 billion this year](#), per our forecast. Internal documents reveal a troubling trend, with US sales dropping 25% in Q2 2024 from the previous quarter and 53% year over year, causing Musk to go on [a charm offensive](#) at Cannes Lions.
- X has pledged to invest in content moderation to address these issues, but it does still have demonstrable brand safety problems: Platform ads recently [appeared alongside content](#) with hashtags like “#whitepower” and Holocaust denial, per CNBC.

Why it matters: This lawsuit surfaces the tension between social media platforms' pursuit of free speech and advertisers' concerns about brand safety; it arrives amid a broader investigation by the US House Judiciary Committee into whether GARM sought to limit conservative content online.

- Social platforms grapple with balancing content moderation and advertiser expectations.
- The outcome of this case could set important precedents for the relationship between social media companies and the advertising industry—and underscores X's ongoing struggle to achieve financial stability and regain advertiser trust following Musk's acquisition.

Our take: This legal battle highlights the complex interplay between social media platforms and advertisers in today's digital ecosystem and could have far-reaching implications for how they interact.

Irrespective of the suit's outcome, it is critical that X becomes a more pivotal platform for advertisers, who are results-oriented and far less likely to boycott a channel that's working well for them. The company must address its internal challenges to rebuild trust and stabilize its business.

Brand Perceptions of Select Social Media Platforms Among US Advertising Professionals, Dec 2023

% of respondents

	Facebook	Instagram	TikTok	Snapchat	X (formerly Twitter)
Reaches my target audience efficiently	50%	49%	35%	19%	15%
Reaches enough of my target audience	48%	48%	28%	20%	20%
Is easy to use	44%	45%	31%	32%	27%
Has robust performance monitoring	37%	30%	8%	4%	6%
Ensures people are actually seeing my ad	35%	30%	26%	8%	13%
Drives successful conversion outcomes	33%	34%	18%	7%	7%
Provides the best value for my money	33%	23%	16%	4%	5%
Drives successful behavioral outcomes	31%	32%	26%	7%	13%
Has the best reporting	29%	16%	4%	2%	1%
Delivers the best ROI	28%	29%	11%	4%	2%
Has the best optimization	25%	15%	8%	2%	2%
Has the best platform connectivity	17%	19%	14%	2%	4%
Is able to connect to other platforms like Customer Data Platforms (CDP)	16%	13%	6%	5%	6%
Effectively uses AI	13%	13%	12%	5%	16%

Source: Material+ and NewtonX, "The Digital Lead: 2024 Advertising Insights & Tech Trends," April 25, 2024

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