

Layoffs, rehiring, losses, and bans expose the tumult at Twitter

Article

The news: Mass firings, rehiring, an advertiser exodus, and ad-hoc user bans have punctuated **Elon Musk's** first week as the owner of **Twitter**.

What this means: Twitter is scrambling to [rehire some employees](#) days after they were fired as managers realized they need expertise to build features Musk had asked for, per [Bloomberg](#).

- Twitter cut 3,700 of its global staff, or roughly half its employees, on Friday [via email](#) and cut thousands off from work accounts and the company's Slack network.
- Musk justified the firings as necessary. "Unfortunately there is no choice when the company is losing over \$4M/day. Everyone exited was offered three months of severance, which is 50% more than legally required," Musk said in a tweet.
- [Fired employees](#) were in teams responsible for **marketing, human rights, accessibility, AI ethics, and content curation**.

Why this could backfire: It is possible that Twitter eroded a lot of goodwill from ex-employees, especially after the cold, impersonal manner in which they were dismissed. It is unlikely that employees will want to stick around a company that could easily dispose of them when they're no longer needed.

Brands press pause on advertising: Various advertisers including **GM, Audi, Pfizer, General Mills, Volkswagen, and Interpublic Group** have paused advertising on Twitter.

- Twitter needs to [double-down on advertising](#) to pay off the various debts used for Musk's acquisition.
- The social network is proving to be an unnecessarily risky venue for ads in a down economy. In context, ad spending [declined](#) **for the third month in a row in August, dropping 3.3%** compared with 2021.
- Advertisers are also concerned that scaled-back moderation on Twitter could lead to a spike in objectionable content in the platform, per [The Wall Street Journal](#).
- Despite Musk's attempts to reassure advertisers that he wouldn't loosen content moderation policies, reports show that **sexist and racist slurs exploded on the platform by 500%**, per Network Contagion Research Institute (NCRI).

A burning platform: Twitter now has the sisyphian task of proving to advertisers that it is a sound investment during a time when businesses are looking to cut expenses.

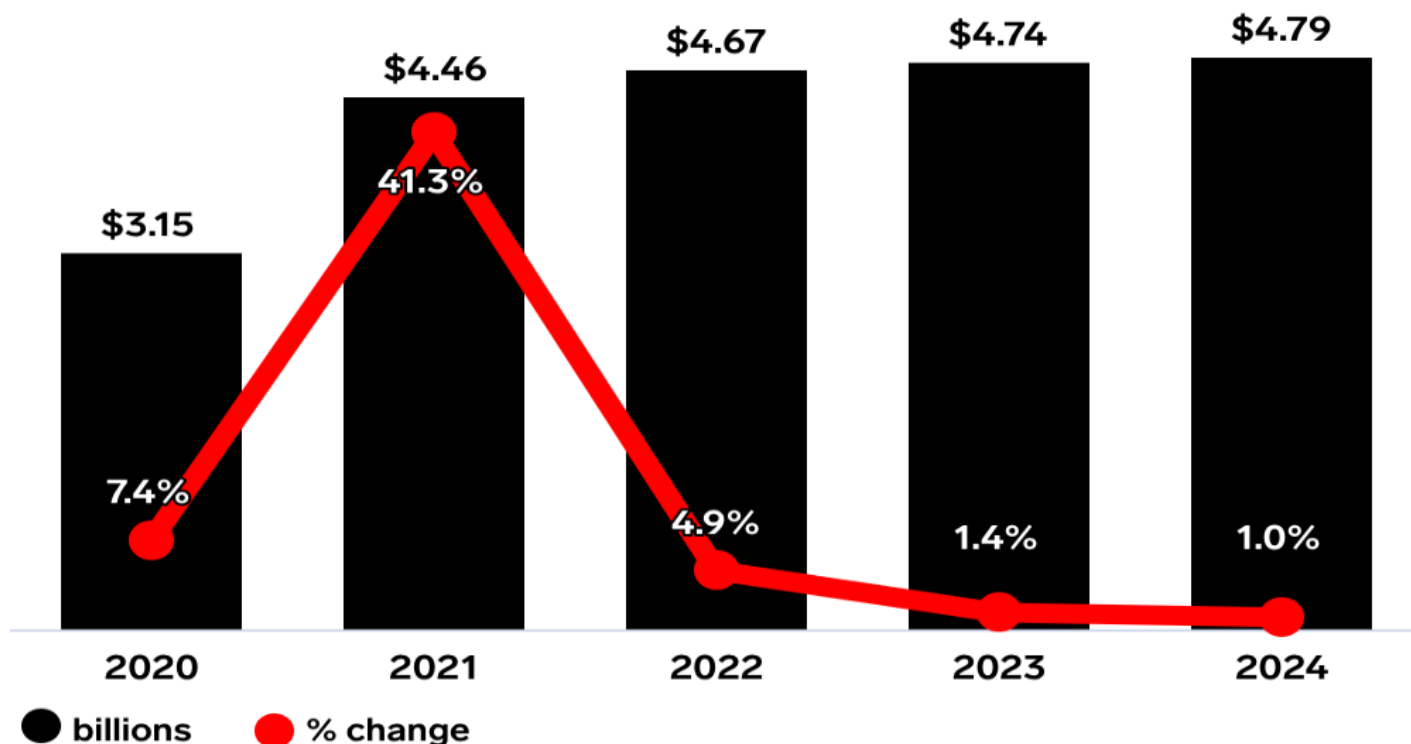
Paid verification service is delayed until after US midterm elections: Twitter's **\$7.99-per-month Blue plan**, which allows paying users to purchase a verified checkmark "just like the celebrities, companies, and politicians," has been delayed until after Tuesday's midterm elections, per [PCMag](#).

- Pausing the launch of the verification service is a prudent move that could give Twitter time to properly onboard its subscribers.
- Twitter, however, took to banning some verified accounts over the weekend for “engaging in impersonation without clearly specifying 'parody.’”
- Among the personalities banned were comedians **Sarah Silverman** and **Kathy Griffin**, who spoofed Musk in some of their tweets. "If she really wants her account back, she can have it," Musk said of Griffin, adding: "For \$8."

The big takeaway: The permanent banning of spoof accounts runs counter to Musk’s earlier promises to unlock Twitter’s potential for free speech—and could result in continued loss in advertising and user engagement.

Twitter Ad Revenues

Worldwide, 2020-2024



Note: Exchange Rate; paid advertising only; excludes spending by marketers that goes toward developing or maintaining a Twitter presence; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites; ad spending on tablets is included; excludes SMS, MMS and P2P messaging-based advertising; data for 2014 is based on company reports
Source: eMarketer, October 2022

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