

What a potential Musk takeover means for Twitter

Article

In April, Elon Musk entered an agreement with Twitter to buy the platform for roughly \$44 billion. Musk's potential takeover of Twitter was the top social media headline in the quarter, drowning out some of the developments Twitter made in both performance advertising and ecommerce.

A Musk-owned Twitter could mean less content moderation and fewer ads. Musk has been publicly critical of the platform during the acquisition—and had been even before it was in the works. He has said that he might charge commercial and government users a slight fee, and he plans to loosen content moderation guardrails. Both moves could be detrimental to advertisers; less content moderation increases the chance of ads showing up next to unsavory content, while a subscription service for select users could dampen the quality of the audience available to advertisers. (FWIW: Musk has also confirmed that Twitter will keep advertising for the foreseeable future.)

Musk wants Twitter to have 1 billion users. That’s what he told Twitter employees in a Q&A session in June. While he didn’t give a timeline for when he expects to reach that goal, the numbers don’t look promising. Twitter had just 229 million monetizable daily active users worldwide in Q1 2022, the company reported. It’ll have 368.1 million monthly users worldwide in 2022, and just over 20 million more in 2026, per our forecast. In the US, Twitter’s largest market, we expect monthly users to decline this year.

Musk also has super app ambitions. In the Q&A session, he praised China-based WeChat, indicating that the app may be used as a model for Twitter. That could mean incorporating payments and adding other new features to keep people engaged with the platform. Musk also praised TikTok for not being “boring,” suggesting that some TikTok-like features (or at least more video) could come to Twitter soon.

**Ad Revenues of Select Social Media Platforms
Worldwide, 2022**
billions



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes spending by marketers that goes toward developing or maintaining a social media presence; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; *includes Facebook and Instagram revenues, and excludes "Facebook Reality Labs" segment
Source: eMarketer, March 2022

Read the full report.

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Social Media Update Q2 2022

