



jack 
@jack

just setting up my twttr

2:20 AM · Mar 22, 2006



The Case Crunch - PM Edition

By MBAtrek Pvt Limited

The *Twitter* Hurdle

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What are the Problems **X** is facing?

01 Declining User Engagement

02 Declining Revenue Trend

03 Increasing User Attrition

04 Controversial Content & Policies

05 Increased User Migration



Problem Statement

Imagine that you are a **Product Manager** working for X/Twitter & you are entrusted with the responsibility to solve for the mentioned problems.

Prepare a **clear and persuasive presentation** or report to communicate your findings and recommendations to stakeholders. Highlight the rationale behind your choices and the expected outcomes.



01 Declining User Engagement

*What is really **happening**?*

A quarter of Twitter users said they 'are not very or **not at all likely to be on Twitter a year from now.**'

Within the US, monthly active users were **down 14% on Android and 15% on iOS.**

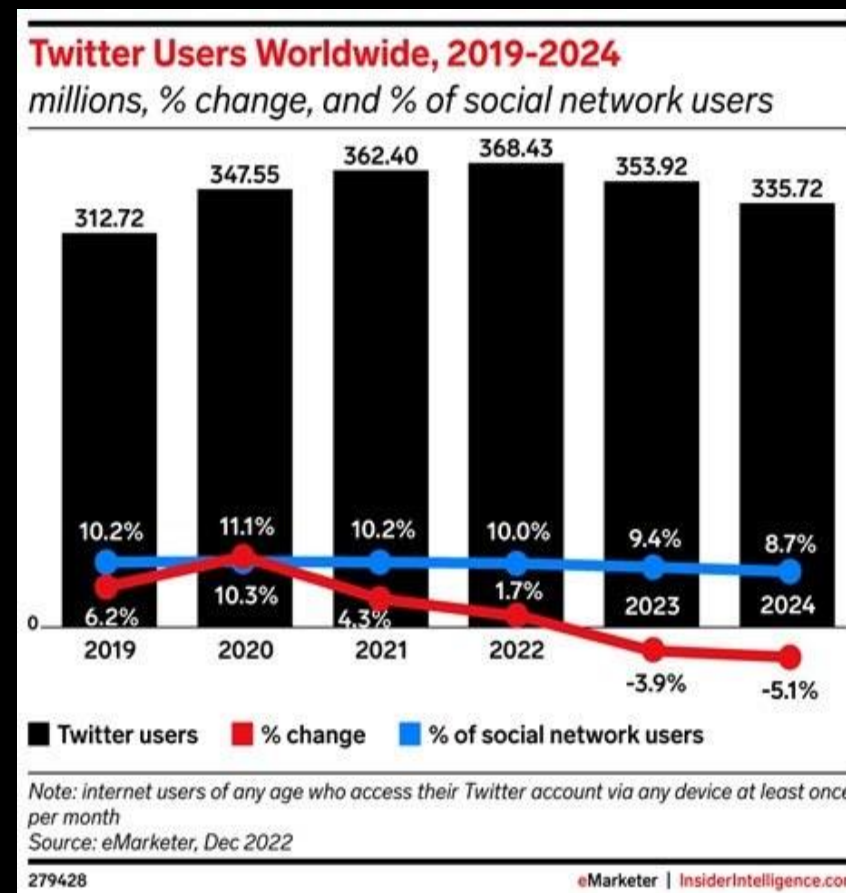
In 2023, Twitter's ad **revenue was down 59%** from the previous year.



01 *Declining* User Engagement

What “rebranding” caused?

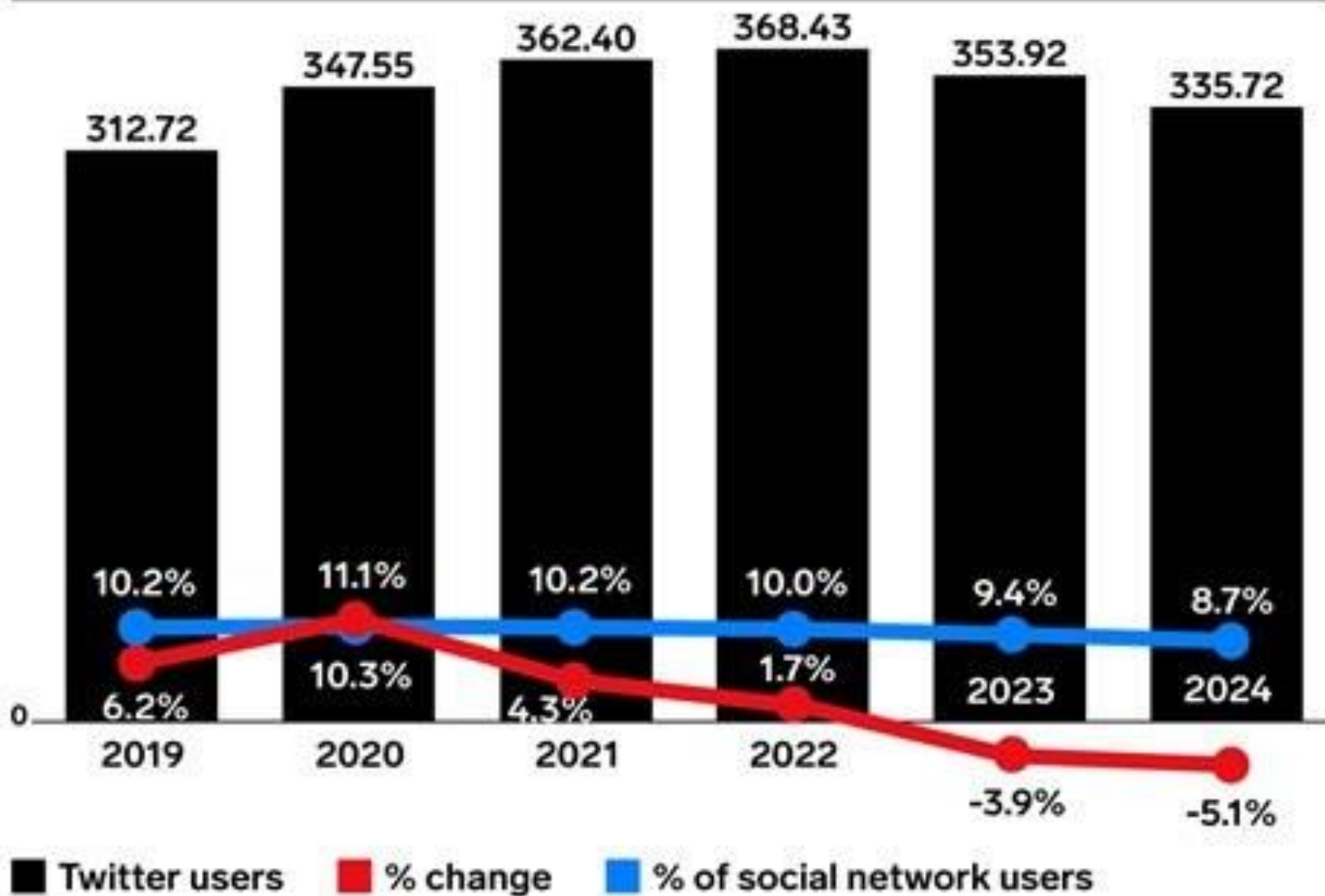
- There were **diverse range of reactions** from its users, including some who voiced discontent due to the abandonment of the iconic blue bird logo.
- The average time users spent on the "X" platform and the number of sessions they engaged in both **decreased by 5 percent.**
- The revenue also experienced **a substantial rise of 25 percent**, primarily driven by a 24 percent increase in iOS-related revenue





Twitter Users Worldwide, 2019-2024

millions, % change, and % of social network users





01 *Declining* User Engagement

What's driving this decline in user numbers and revenues?



New Policies



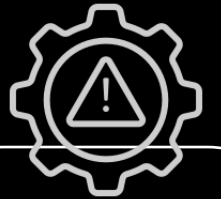
Twitter Blue



Elon Musk



Mass Layoffs



Technical Glitches

The most common reasons cited were concerns about Musk's plans for the platform (23%), his political views (18%), and his history of making offensive and inflammatory remarks (17%).



01 Declining User Engagement

*How **user engagement** can be increased?*

Listen to its users

Twitter should regularly survey its users and collect feedback on how to improve the platform.

They should be responsive and make changes to the platform based on user suggestions.

Engaging Platform

Twitter could add new features such as quizzes, and games. It could also make it easier for users to share content with others and to start conversations.

Relevant Content

Improving the discovery tools so that users can find more relevant and interesting content, and by promoting a variety of content from different creators



02 *Declining Revenue Trend*

Twitter **loses nearly 50% advertising revenue** since Elon Musk takeover



Elon Musk  
@elonmusk

We're still negative cash flow, due to ~50% drop in advertising revenue plus heavy debt load. Need to reach positive cash flow before we have the luxury of anything else.

10:38 AM · Jul 15, 2023 · **8.2M** Views

Twitter's revenue grew steadily from 2012 to 2021, with an average annual growth rate of 22%.

In 2022, Twitter's revenue declined 11% to \$4.4 billion, the **first annual revenue decline in the company's history**.



02 *Declining Revenue Trend*

Demystifying the Revenue Model

Advertising (88%)

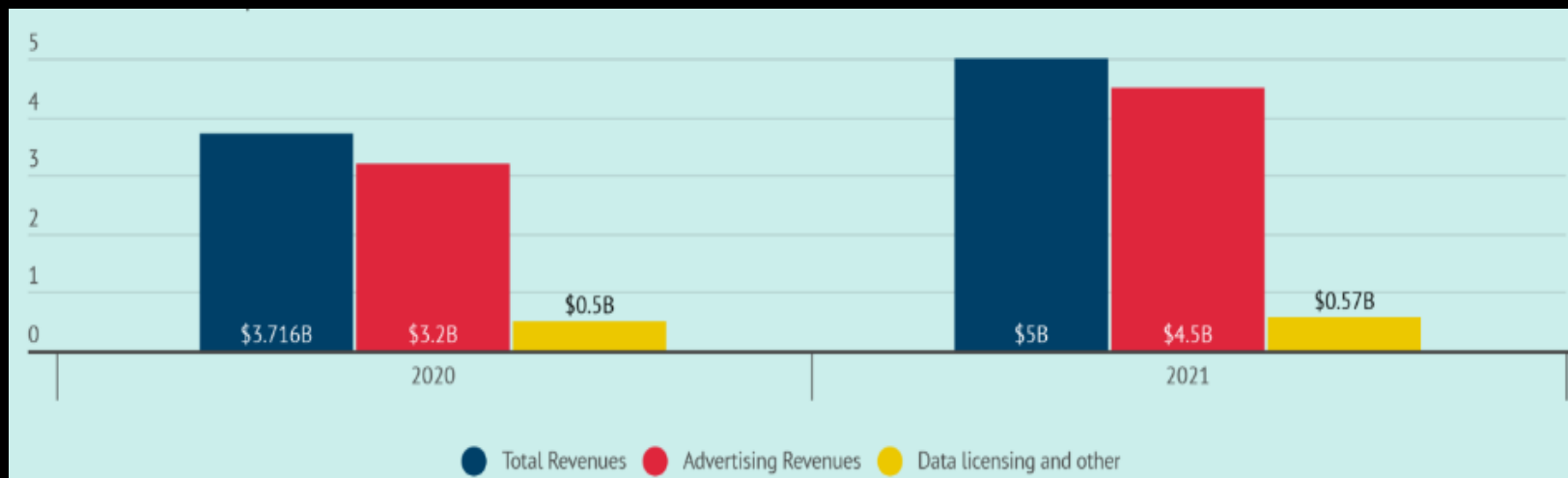
Earns income from businesses promoting their products and services through ads

Data Licensing (12%)

Sells access to its data and analytics to businesses and researchers

Subscriptions (0%)

Twitter Blue which provides premium features, has made just \$11M in its first 3 months



* Distribution of Revenue



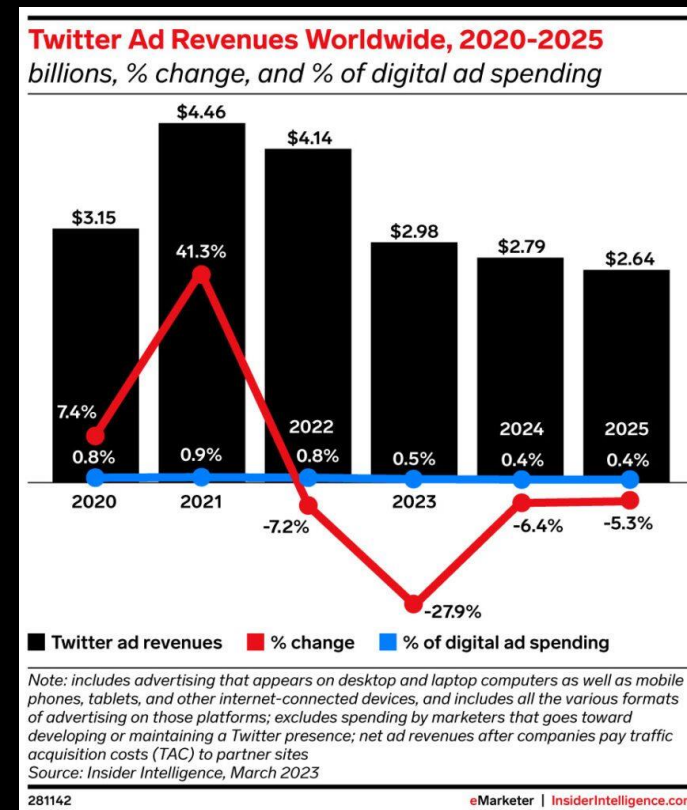
02 *Declining Revenue Trend*

According to *Musk* Twitter is on track to post **\$3bn (£2.29bn) in revenue in 2023**, down from \$5.1bn in 2021.

Cost Cutting : He already laid off half of the company's **7,500 workforce** also, to cut non-debt expenditures to \$1.5bn, from the \$4.5bn

Subscriptions : He launched a subscription service called "**Twitter Blue**," which would give subscribers access to exclusive features, also, twitter will pay the creators

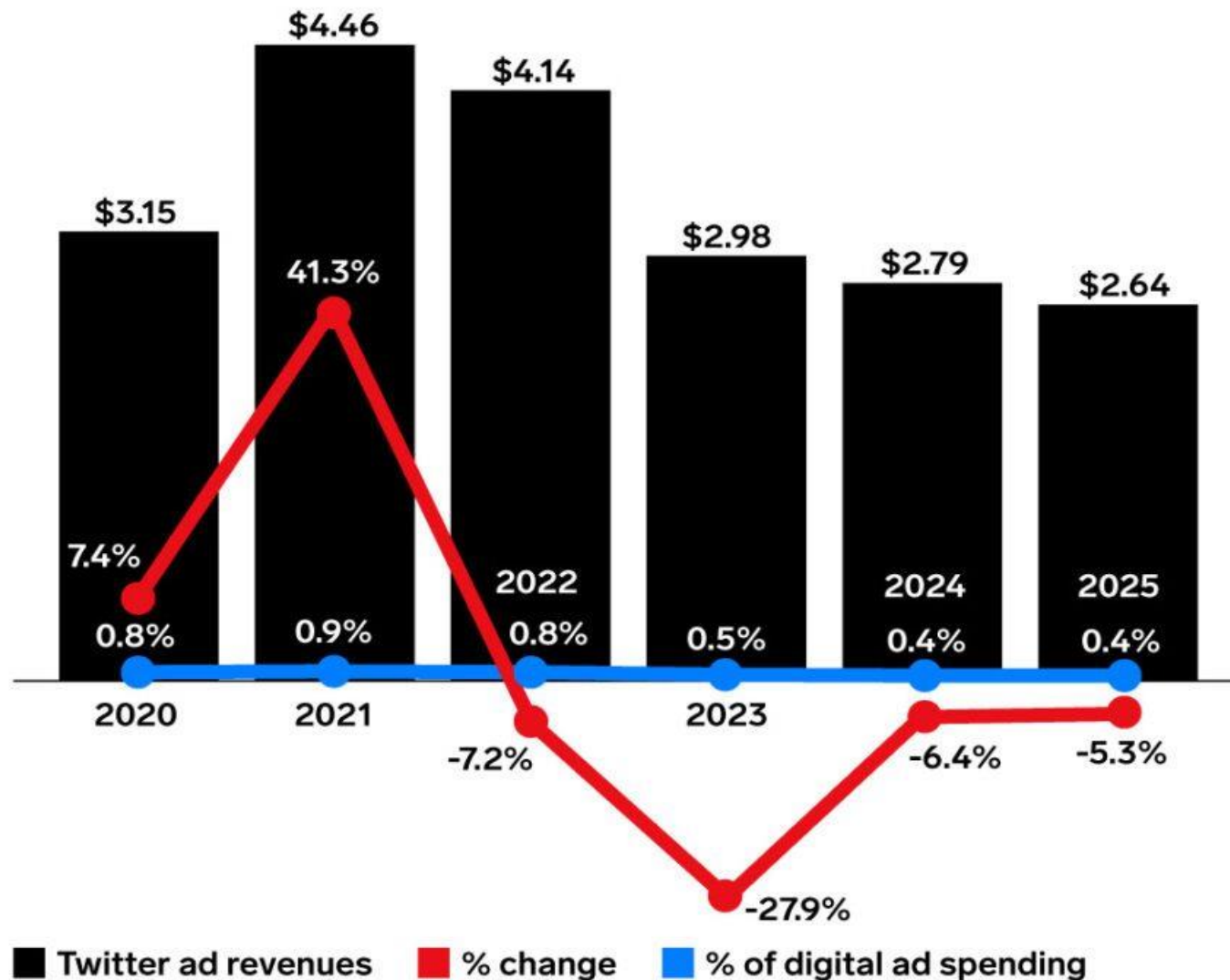
E-commerce: He has proposed allowing users to **buy and sell products** directly on the platform, he believes e-commerce could be a significant source of revenue for Twitter in the future





Twitter Ad Revenues Worldwide, 2020-2025

billions, % change, and % of digital ad spending





03 *Increasing* User Attrition

How User Attrition changed over time?



Before Musk

36% of Twitter users said they were less likely to use the platform in the future. The reasons cited were concerns about **the company's direction, the quality of content on the platform and the company's policies.**

Monthly active user (MAU) growth : Slowing (3.7%)



After Musk

38% of Twitter users said they were less likely to use the platform since Musk's acquisition. The reasons cited were concerns about **Musk's plans for the platform, his political views, and his history of making offensive remarks.**

Monthly active user (MAU) growth : Increased User Attrition (-11%)



03 *Increasing User Attrition*

Why is User Attrition happening?

Open Platform

Twitter wants a more "open" platform that supports "free speech absolutism." This has raised concerns among some users that Twitter will become a more hostile and toxic place.

Elon Musk

Musk is a polarizing figure who is known for his erratic and offensive tweets. This has led some users to leave Twitter altogether, while others have reduced their usage of the platform.

New Alternatives

There are several other social media platforms available, such as Threads, Bluesky etc. These platforms are often seen as being more welcoming and inclusive than Twitter



03 *Increasing User Attrition*

*How User Attrition can be **reduced**?*

Inclusivity

Creating a space where people feel safe and respected, they can do this by adopting stricter policies against hate speech and harassment, and by promoting diversity.

Less Advertisements

Twitter can reduce its need to rely on advertising, which can make the platform more appealing to users by include subscriptions, e-commerce, or other new services.

Offering Rewards

Twitter could give users the ability to earn badges or points creating and sharing high-quality content and engaging with other users in a meaningful way. This will remove toxicity from the platform.



04 *Controversial Content & Policies*

*What things are creating **problems**?*

Shadowbanning : It is a practice of making users' content less visible to other users without their knowledge or consent. Twitter has denied shadowbanning users, but some users have presented evidence to suggest that the practice is happening.

Political Decisions: Musk has reinstated Trump's Twitter account which was removed for inciting violence, many people expressed their concerns about the potential for Trump's return to Twitter to lead to further violence and division.

Free Speech Absolutism: Musk wants to make Twitter a more "open" platform which has raised concerns among some users that Twitter will become a more hostile and toxic place, where hate speech and misinformation are allowed to flourish.





04 *Controversial Content & Policies*

*What **Twitter** can do?*

Transparency

Twitter should be more responsive to feedback from users and experts about its policies and explaining how it makes decisions about removing content and suspending accounts

Innovation

Developing tools or algorithms that help users identify hate speech, misinformation, and other types of harmful content will make it easier for users to report harmful content

Partnership

Twitter can partner with other organizations, such as civil society groups and government agencies, to combat harmful content which involve sharing information.



05 *Increased User Migration*

User migration of Twitter refers to the movement of Twitter users to other social media platforms. This can happen for a variety of reasons, such as dissatisfaction with Twitter's policies, features, or content.

There has been a significant increase in user migration of Twitter since Elon Musk acquired the company in 2022. This is likely due to several factors, including:

- Concerns about Musk's plans for the platform, such as his stated desire to make Twitter a more "open" platform and his support for "free speech absolutism."
- Musk's personal behaviour, which some users find to be erratic and offensive.
- The perception that Twitter has become more toxic and hostile since Musk's acquisition.
- The availability of other social media platforms that are seen as being more welcoming and inclusive.



05 *Increased User Migration*

How users can be brought back to Twitter?

Focus on R&D

Twitter should regularly conduct research on user migration to understand the latest trends and to identify new ways to address the problem.

Understand the Users

Twitter needs to listen to its users and understand why they are migrating to other platforms, which will help them invest in new features and tools to combat the problems.

Decentralization

Twitter could decentralize the platform, giving users more control over their data. For example, Twitter could allow users to choose where their data is stored and who has access to it.



One more thing...



Users = Employees



Layoffs

Twitter's headcount has sunk 90% to 1,000 since Musk's \$44-billion takeover

Twitter should **focus on its employees more than users because employees are the ones who build and maintain the product.** If Twitter does not have a happy and engaged workforce, it will be difficult to produce a high-quality product that attracts and retains users.

Companies that are known for treating their employees well are more likely to have a good reputation, which can make it easier to attract and retain top talent.

It is important to note that there is a **balance to be struck between focusing on employees and focusing on users.** Twitter needs to do both in order to be successful





*How can **Twitter** reduce the **need for layoffs**?*

- **Investing in its employees:** Twitter can invest in its employees by providing them with training and development opportunities. This will help employees to develop new skills and knowledge, which will make them more valuable to the company and reduce the need for layoffs.
- **Focusing on long-term growth and sustainability:** Instead of focusing on short-term profits, Twitter should focus on investing in new features and tools that will attract new users and retain existing users. This will help Twitter to grow its user base and generate more revenue in the long term, which will reduce the need for layoffs.
- **Becoming more efficient and productive:** Twitter can become more efficient and productive by streamlining its operations and eliminating unnecessary costs. This will help Twitter to reduce its expenses and improve its profitability, which will also reduce the need for layoffs.

Thank You!