

# Will Elon Musk's X rebrand help Twitter soar to new heights?

Publication Date: 2023-07-24

Author: Dan Milmo

Section: Technology

Tags: X, Technology sector, news

Article URL: <https://www.theguardian.com/technology/2023/jul/24/elon-musk-x-rebrand-twitter-tesla-everything-app>



When Elon Musk tweeted “the bird is freed” as he bought Twitter last year, it was presumed he was referring to liberating the platform from its figurative shackles. Now he has booted the brand out of the nest altogether. Musk’s announcement on Sunday that he was rebranding Twitter as X is the latest of many dramatic moves by the social media network’s owner. If Twitter isn’t worth the \$44bn he paid for it in October, it is in danger of being worth even less now if it does away with its well-established brand name and avian logo (Musk said on Sunday it would soon be time to bid “adieu to the Twitter brand and, gradually, all the birds”). But the emergence of X has long been in the works, no matter how rushed Sunday’s events seemed, with the helter-skelter feel of the rebranding exercise underlined by the choice of a crowdsourced logo based on an international encoding standard. And such has been the resulting splash, the X brand has at least made a loud debut. Musk tweeted last year that buying Twitter was an “accelerant to creating X, the everything app”. The world’s richest man has referred to the social media platform being converted into a product akin to WeChat, an enormously popular Chinese app that allows users to perform multiple functions from messaging to ordering a taxi and paying bills. “You basically live on WeChat in China. If we can re-create that with Twitter, we’ll be a great success,” he reportedly told Twitter staff last year. The idea of X has been hanging over the business for a while. Twitter as a company has already been folded into a corporate entity called X Corp, whose parent is X Holdings Corp. Linda Yaccarino, Twitter’s chief executive, gave an outline of what an X app would look like, tweeting that it would be “centred in audio, video, messaging, payments/banking”. Twitter has started the regulatory process of becoming a payments processor and Musk, who in 1999 co-founded online bank x.com, which later became PayPal, has raised the prospect of Twitter offering debit cards and loans. Advertising income, Twitter’s main course of income historically, has been badly damaged by an advertiser boycott driven by concerns over moderation standards on the platform – Musk has admitted it is down by 50%. The company needs new revenue streams. One analyst said Twitter, or X, does not have the time, money or employees to pull off such a transformation. The company is heavily indebted due to a \$13bn debt burden it was saddled with in the wake of Musk’s takeover, while most of the workforce has been made redundant and Mark Zuckerberg’s Meta has launched a copycat “Twitter killer” product called Threads. “While Musk’s vision is to turn X into an ‘everything app’, this takes time, money, and people – three things that the company no longer has,” says Mike Proulx, research director at the analysis firm Forrester. “Disenfranchised Twitter users will increasingly turn to Threads, while Musk’s company continues to lose money. Simply put, X’s runway is coming to an end.” Shortly before announcing the X move, Musk said Twitter was still cashflow-negative – spending more to run the business than it takes in – and that the business needed to reach positive cashflow “before we have the luxury of anything else”. This is a difficult backdrop

for achieving an overhaul of the platform's business model, even if it is owned by the world's richest man (who has sold a lot of Tesla shares already to fund the takeover). Farhad Divecha, the managing director of the UK digital marketing agency Accuracast, says a logo change will not bring back advertisers, but the creation of a plausible "everything app" will. "The logo change marks the start of transitioning towards his vision of X. We're not recommending advertisers jump on to it just yet, but we are watching this space very closely." The popularity of Threads has waned after a strong start, so the threat to Twitter's main source of income has receded, even though Meta has said it had no immediate plans to launch ads anyway. But the announcement of the X rebranding shows that Musk is determined to move the business model elsewhere, with or without wings.