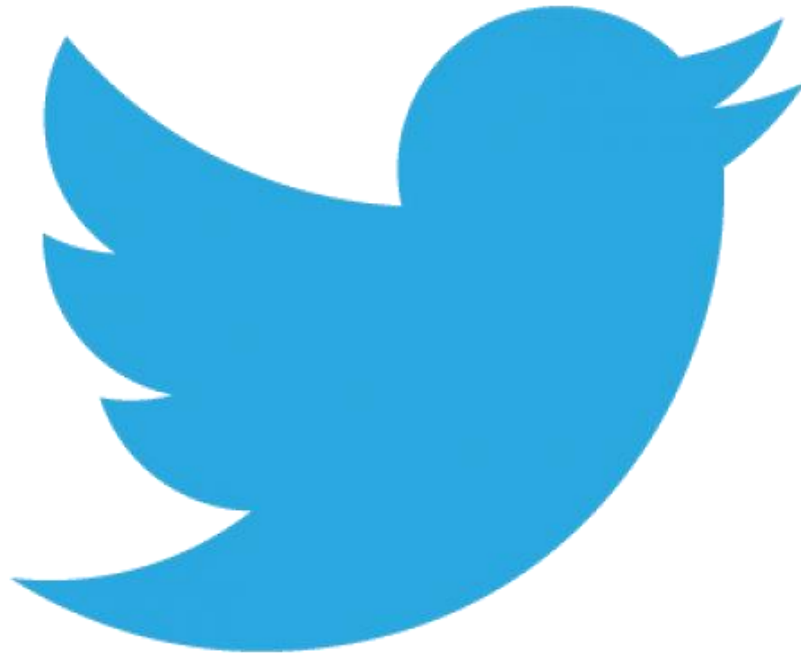


# Twitter and the social media Seascape



## **Competitive Strategist (Team 3)**

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## **Executive Summary**

- **Overview** - Twitter is a social media company used to share opinions with users on the media platform. Twitter was founded in 2006 and went public in 2013. In 2022 Elon Musk acquired a complete stake in Twitter making it a private company. Elon Musk bought Twitter (for \$44 billion) on the pretext of making free speech accessible to everyone through Twitter and plans to build an ecosystem with Twitter as the base. Most of Twitter's revenue is generated through advertisements which makes Twitter completely vulnerable to companies who use Twitter as a platform to advertise and how they view the company (huge impact after Elon Musk took the company over and laying off 50% of Twitter's workforce) and potential government laws against advertisements. This move has hampered the image of Twitter in the eyes of the public thereby using the overall userbase.
- **Problem statement** – Considering Twitter's bad position what should Twitter do to have a steady revenue stream and improve its brand reputation?
- **Strategic position** – Twitter was visionary in the beginning disrupting the opinion sharing segment of the market for social media but has slowly progressed towards classical. Twitter was leading the market in its segment and was in a comfortable place with good revenue but has entered choppy waters and is facing a lot of competition and hurdles, therefore Twitter needs to move into the adaptive space and try to reinvent its business strategy.
- **Recommendations** – In the current scenario we recommend Twitter to work on expanding its revenue bases and decrease the dependence on ad based revenues. Twitter should also work on building its brand image.

In the short term we recommend Twitter to improve the trust it has within its customers by improving transparency, develop customer centric user experience and diversify its revenue model with subscription model and stabilize its revenue streams.

In the long-term Twitter can provide a subscription tier model and build an entire ecosystem around Twitter to make it a one stop platform. This can include payment gateways, ecommerce etc. Twitter should also move into a Web3.0 space and decentralize its platforms, thereby increase the trust among the users and governments.

## **STEEP**

### **Social:**

- Ever since Musk closed the deal to buy Twitter, there have been extreme reactions to this with users expecting a new, sleek, and decentralized version of the existing app while some being disappointed and losing trust on the company that is said to be spearheaded by a man who would change algorithms on a whim.
- Goodbye Twitter? – As concerns mount over subscription prices and increase in offensive content, users are moving to apps that have stable leadership and more accountability on the content forefront. It is estimated that global monthly users would decrease by 4% and 5% in 2023 and 2024 respectively, leaving behind more than 32M users in total!
- Musk's Unpopular Choices – Users identified multiple ethical issues with Musk dissolving the Trust & Safety Council within Twitter and laying off more than 50% of the workforce with loyal employees being left jobless overnight. This has prompted multiple users and celebrities to quit the platform and this impact could very well carry forward in the future.

### **Technological:**

- Infrastructure to handle unwanted traffic – Removing manual review processes of accounts could lead to an increase in offensive content and hate speech on the platform. This could also increase the number of spam accounts and bots, eventually leading to slower loading time and other technical difficulties.
- Interrupted User Experience – Twitter has been taking down current features and substituting them with experimental functionalities, though this might come from an objective to make the user experience more personal, users might not see it that way. Users can get increasingly annoyed when the features and icons they have been habituated to are constantly changing (slower user adoption). This could make them move away from Twitter.
- Does Web3 need more money? – For Twitter to become a decentralized platform as Musk envisions it to be in the coming years, they might need tremendous investment to redesign the platform to operate on a peer-to-peer network, bring in more security and network protocols to be able to scale it in the future.

### **Economical:**

- Financials hanging by a thread due to change in business model? – With Twitter wanting to completely move to a subscription model, they would be required to have a greater number of subscribers to compensate for the revenue drop. The user adoption would also be affected depending on the future price on subscriptions, given that users are unhappy with the current pricing strategy and are critical of it.
- Advertisers' heartbreak – Since Twitter would no longer be making revenue from advertising, they might be rupturing their relationships with some of the top advertising

companies in the market and the influence of which could negatively & financially affect Twitter in the future.

**Environmental:**

- Decentralization could lead to more power consumption and complex computation; Decentralized platforms are based on blockchain technology that consume significant energy to maintain the network and to validate transactions in the ledger. This could make have a sustainability impact on Twitter and increase its negative effect on the environment.

**Political:**

- Supreme court regulations – There could be laws imposed in the future that makes companies liable for harmful content and how ad and non-ad content is recommended to the user. This could have an impact on Twitter’s decision to take down content moderation or promote free speech. In the event that Twitter becomes a decentralized platform, that could also entail a plethora of policies and regulations that can restrict the way users consume content on Twitter. Since decentralized platforms operate outside of traditional jurisdictions, it could lead to tensions with the Government in aspects such as taxation, data privacy etc.

## **Competitive Landscape**

On Nov 2022 Musk came up with the idea of expanding Twitter into all business segments like music or video content creation like TikTok, including payment processing facilities using debit and credit card information. This attracted a lot of competition for Twitter as he envisioned turning Twitter into a one-stop app for all services.

- **Incumbents**: Facebook, Pinterest, Snapchat, Instagram, Reddit, Tumblr, Quora, Stack Overflow, GitHub, Medium, Meta

With the ongoing brand value being affected due to the recent controversy, Twitter faces competition from the established social media giants who have been there for years and provide services similar to Twitter. If Twitter is thinking of changing/modifying their services which differentiating them from other social media apps, and at the same time do not come up with any new strategy to survive in the market, they can lose their market share and easily be gobbled up by the renowned social media giants.

- **Insurgents**: Mastodon, Plurk, Discord, Hive Social, Clubhouse

### **Mastodon**

-Mastodon is a community-led platform which aims to democratize the ownership and control of social networks can be traced right back to its code structure. This concept may be attractive to a lot of skeptical Twitter users, especially those who aren't fond of using a platform owned by a tech tycoon sitting on the biggest net worth in the world.

-Unlike the Musk-owned platform, Mastodon is completely free to use and doesn't even feature ads. This means that there's no reason for the site to collect user data, allowing the app to sidestep one of the major criticisms of popular social media apps like Twitter.

-Contrary to Twitter's current blue-tick fee fiasco, verifying users on the app is a breeze too. Mastodon's verification system is available to everyone with their own website listed on their profile. Once admins deem this link to be legitimate, users can become verified with no monthly fee.

### **Plurk**

Twitter and Plurk have been going head-to-head recently. With the recent changes around Twitter, many subscribers shifted to Plurk. It has come into the market with an edge. It's quirky, has its own personality, and differs from Twitter in two distinct ways; it puts all the posts in a timeline format (which can be shifted back to a Twitter-like format) and it's got great visual appeal. Other cool functions which make it different is a rating system called "karma" and the ability to easily reply to specific posts. Its only

downfall is its lack of API, which is being released, and if Twitter fails to innovate and properly differentiate itself and fix its problems, it could change the entire market dynamic of micro-blogging.

### **Discord**

Discord servers are simply chat rooms based around a particular community or topic. Almost every single internet personality you are aware of has a Discord server they run, especially if it is centered around video games or a video game content creator.

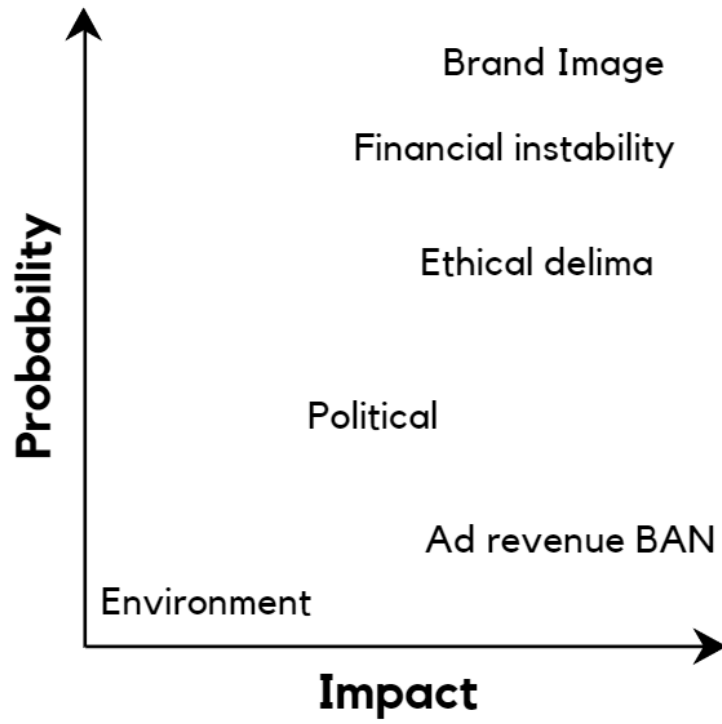
Originally, Discord was a chat service specifically for gamers, but over time non-gamers have flocked to the site as a way to keep up with friends. When you sign up you have the option to create your own server, but a lot of the time it's just easier to join someone else's, especially if they've dedicated the time and energy to having robust moderation.

- **Adjacents:** LinkedIn, YouTube, Spotify, IMDB, TikTok, Google

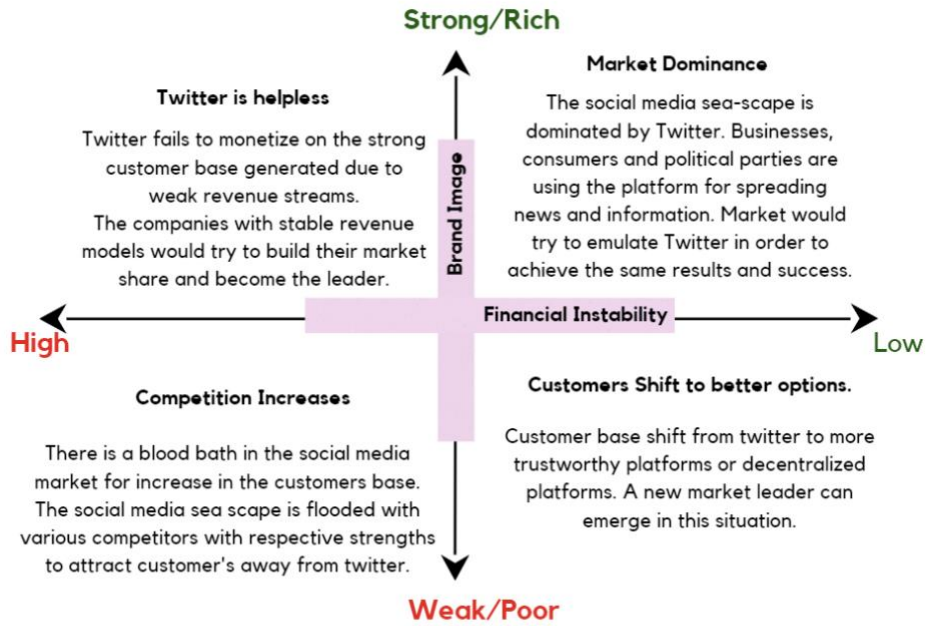
With Twitter trying to explore its brand into new business markets, it faces competition from adjacent competitors like LinkedIn, YouTube, Spotify, IMDB, TikTok, and Google are already the beasts in those markets. If Twitter is planning to include short-duration videos and music, it has to face strong competition from TikTok and Spotify who are already working on their subscription models for their music, and content creators are already earning from those, as envisioned by Musk

**Plausible Scenarios:**

**Plausible scenario probability and impact:**



# Scenario Mapping





## DOTS Analysis

### Drivers:

- **Advertising revenue:** Twitter generates a major amount of its revenue from advertising, but due to the dynamic shift in digital marketing twitter needs to come up with a new revenue model. Which is a key driver for the company's financial performance.
- **Free speech vs Misinformation:** Recently twitter was targeted by government entities for spreading misinformation. Because twitter is a platform where any user can is free to share information. It is making twitter hotspot for misinformation which is driving its social credibility.

### Opportunities:

- **Increasing user engagement:** Twitter has 350 million user base which gives them a huge opportunity to increase customer engagement by introducing new features, improving customer experience, and getting more personalized feed to each consumer.
- **Getting into E-commerce business:** Using the massive consumer base around the world twitter can easily start a new product offering of e-commerce on the same existing platform as an integrated future which increase the overall experience of customer and revenue of the company.
- **New markets entry:** Due to the digitalization in many developing countries there has been a new market of Opportunities which were no accessible before. And due to the restricted media in some countries it would be easy for twitter to be a tool of free speech.

### Threats:

- **Misinformation and Credibility:** Due to the high volume of misinformation on the platform people are questioning the credibility of the platform. This directly affects the social image of the company in the customers using it.
- **Decline in ad revenue:** Due to the diminishing revenues from the ads twitter is taking a major hit in its total revenue. So, it must shift its business model from advertising to subscription model.

### Strategic response:

- **Creating a new revenue model:** Twitter needs to deviate from its traditional ad's model to a subscription model which is a combined value pack of blue trick mark, E-commerce, and other services. This will help twitter easily penetrate its new product offering into the market using the existing platform.
- **Promoting Positive Content:** Twitter should prioritize tweets that promote social good, positivism, and inclusion in order to encourage significant and positive content on the site. Partnerships with influencers, groups, and charities that share the company's beliefs can help achieve this.

## **Recommendations**

Due to the current ruptured brand image of Twitter, they should immediately focus on the following aspects with a timeline of implementing it in the next 0-6 months –

- Improve Transparency among users, investors, and media: Predominant user shift from Twitter is because of their lack of communication on the internal decision-making and organizational structure. Hence, Twitter should refocus on openly communicating and being transparent on what changes they plan to make and why, so the users aren't waking up to new changes in the platform every day.
- Customer-Centric user experience – Twitter should prioritize user preferences and needs by incorporating and soliciting feedback from customers. More emphasis should be placed on providing intuitive and seamless experiences with features that help users navigate through the platform with ease.
- Employee engagement – Build trust among the employees and make them a part of the organizational restructure, with open and respectful termination policies with at least 2 months of pay after termination.

On the revenue model forefront, as Twitter intends to transition from an ad-revenue based model to a subscription model, we recommend the following strategies to maintain user engagement and growth throughout this business model metamorphosis in the next 0-2 years –

- Subscription Tier:
  1. Free Pack – Unverified accounts with restricted character count for tweets and posts
  2. Value Pack – Verified account with limit on posts and tweets. Offers customized feed on limited filters and features.
  3. Premium Pack – Unlimited tweets and posts with unrestricted access to character count. Exclusive content offerings that include live streams, podcasts, and original video content. Ad-Free Experience and highly customized feed.
- Transaction Fees: Twitter should integrate payment gateways and provide account-to-account transfer services. This will help Twitter to create a payments infrastructure which will help it to monetize the platform and venture into other revenue generating product spaces without relying on 3<sup>rd</sup> party payment gateways. Twitter can also collect transaction fee from other platform that use Twitter payments infrastructure and from its user.
- E-Commerce: Twitter can incorporate e-commerce capabilities within the platform where creators can buy and sell products within the system and Twitter can take a cut of the transaction as a part of this.
- Enhanced Analytics Functionalities: Twitter can provide analytical insights to their subscribers and businesses such as engagement metrics, user viewership, sentiment

analysis and other audience insights on an additional fee that could help businesses and influencers optimize their social media strategy.

- Make an eventual but fast switch to becoming a decentralized platform: Twitter should embrace blockchain technology and find one that aligns with their company objectives and user requirements with creating a Decentralized Autonomous Organization (DAO) that would allow users to be part of the decision-making process within the system. This move will ensure transparency and foster a community driven ecosystem.

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