



Twitter (TWTR) 2020 Q2 Earnings Summary

July 2020

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Twitter Is Taking Big Steps To Reduce Their Reliance On Brand Advertising Around Big Events

ADVERTISING

- **Continue to see headwinds from lower global advertising demand due to COVID and civil unrest**
 - Saw a gradual recovery throughout Q2, with the exception of late May to mid-June when many brands paused spend due to U.S. civil unrest
 - Over the last 3 weeks of the quarter, they were down 15%, which was a significant improvement from the last 3 weeks of March
- **They love small businesses and this is a huge opportunity for their platform, and it definitely has a lot of dimensions to it**
 - It's critical functionality to have Topics around locations, since small businesses are more tied to locations

DIRECT RESPONSE

- **Completed their ad server rebuild, which re-architects their ad server to support faster product development**
 - Advertisers expect third-party measurement in order to weigh the success of their campaign, and this has historically been a gap for them
 - Focusing on improving measurement and prediction, and updating more formats for advertisers
- **Acquisition of CrossInstall is 60 people, who are focused on direct response, and can accelerate the quality of their work**
 - Direct response can diversify their customer base, with more access to advertising demand that may be more resilient in economic downturns

FEATURES

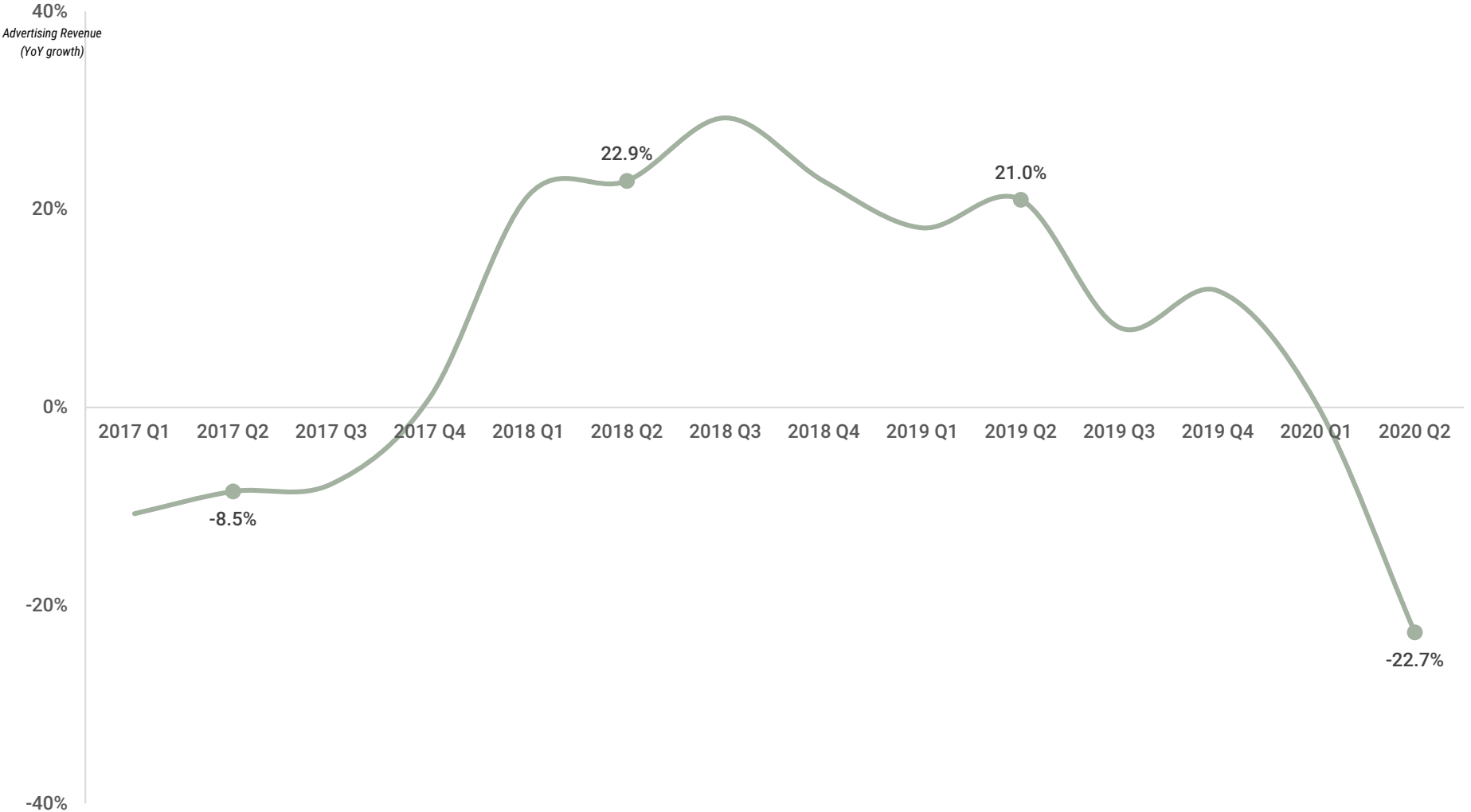
- **Continue to invest in constant refinements around relevance and bringing more of that relevance to Search, Explore and Topics**
 - Investment of relevance at its core is critical, not just for the consumer product but also for their advertising stack as well
 - Over 50 million people follow Topics, which continue to be the best way to experience the power of the service with very little effort required
- **In the early stages of looking at other potential revenue opportunities to complement their advertising business**
 - Have a really high bar for when they would ask consumers to pay for aspects of Twitter and have a small team who is exploring options

HEALTH

- **Fell behind, both in their protections against social engineering of employees and restrictions on their internal tools**
 - Moved quickly to lock down and fix and sought to be transparent and frequent in updates to the public
 - Will continue to go above and beyond here as they continue to secure their systems and work with external firms and law enforcement
- **Operating under a principle of show, don't tell, to demonstrate their commitment to protecting the service**
 - Advertisers are definitely taking note as they talk with marketers as well as industry associations like ANA and WFA

Diversification of revenue to include subscription or commerce can help improve the monetization of power users

Asian Markets Performed Better In Q2 Due To Economies Reopening And A Better Mix Of Ad Formats

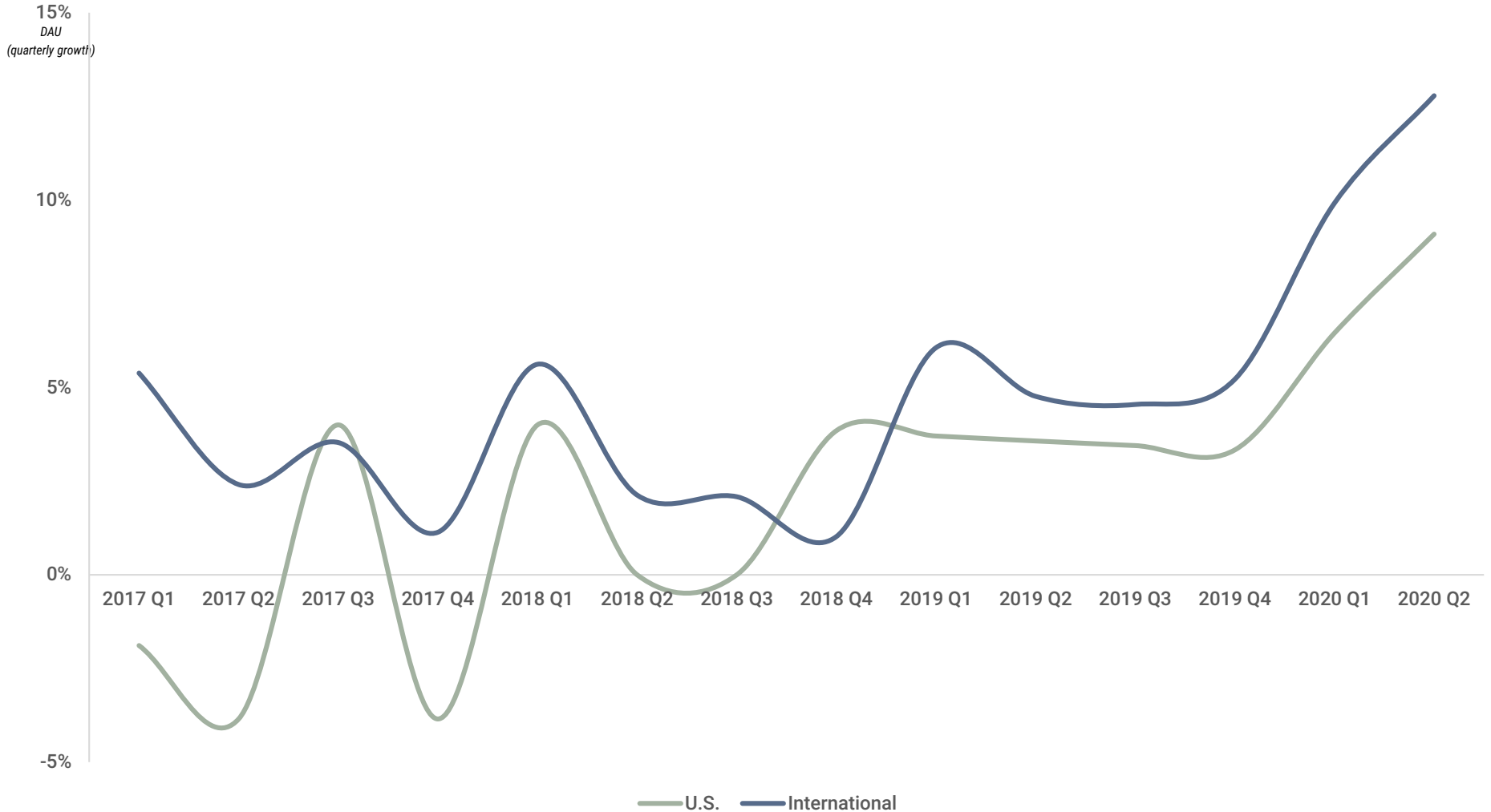


Without live events and product launches, they turned to virtual watch parties that resonated with users and advertisers

DAU

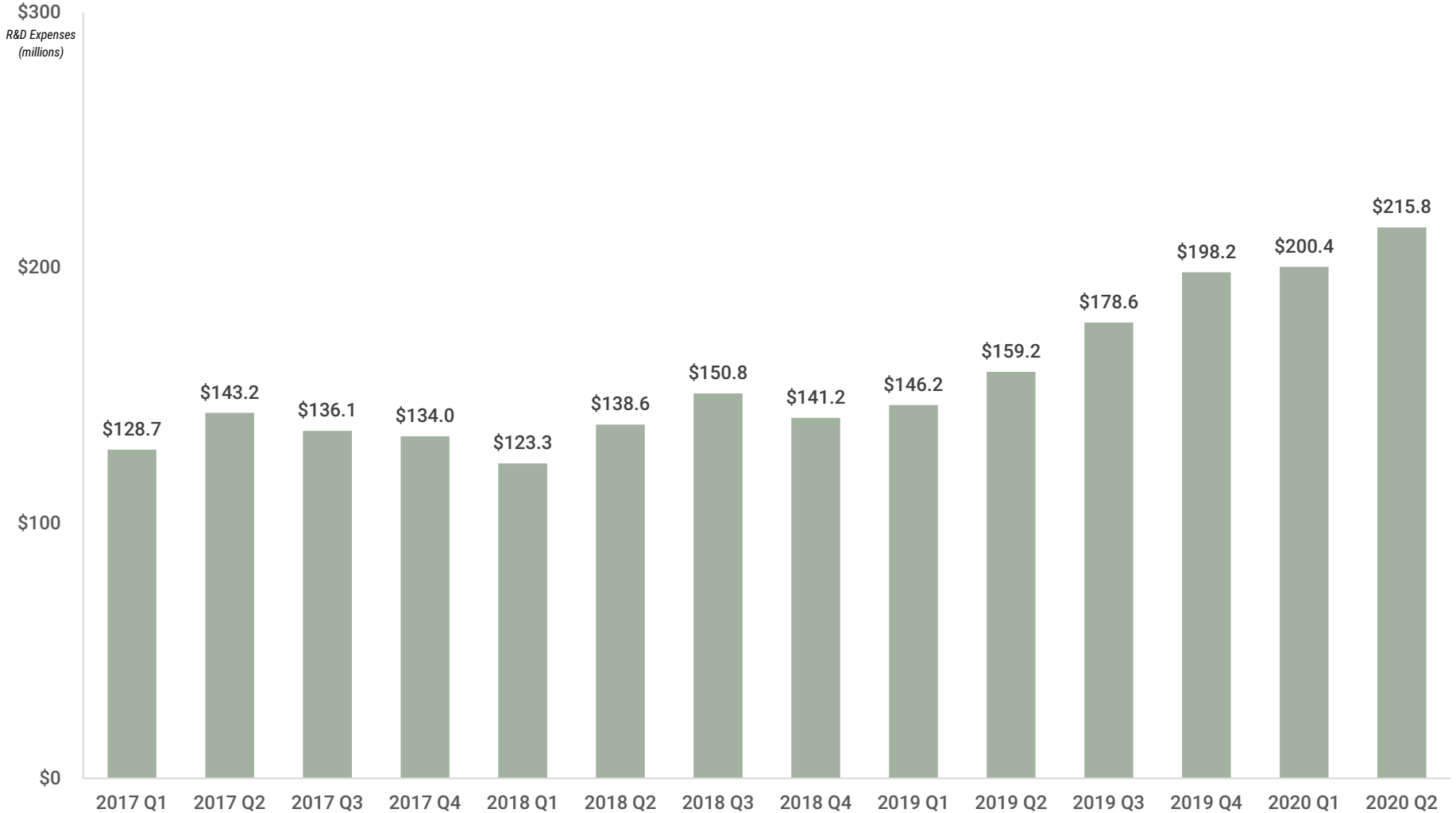


After A Surge In Users In March Due To COVID-19, They Have Been Able To Hold On To That Base In Q2



As sports come back, there is an opportunity to drive more conversations that keep audiences engaged on the platform

There Is A Sharp Focus On Quickly Creating And Refining New Ad Formats Based On Advertiser Feedback



The ability to leverage user data to provide a personalized experience is considered more of an opportunity than a risk