

# What Happened To Tumblr? Here's Why The Blogging Platform Failed

by Viktor Hendelmann

## Executive Summary:

*Tumblr is a microblogging and social media platform that enables users to post text-based or visual content as well as engage with other users.*

*Tumblr failed because it banned NSFW content, due to its inability to sell ads, lacking product stickiness, as well as differences in culture between the platform and Yahoo.*

## What Is Tumblr?

Tumblr is a microblogging and social media platform that enables users to post text-based or visual content as well as engage with other users.

Users, just like with any other social media platform, sign up with their email, username, password, and by specifying a URL for their page.

Each user will consequently receive a dedicated page on which he or she can publish blog posts, pictures, videos, and other types of content.

That content can then be heartened (= like), reblogged (= shared), and commented on. The page itself can be designed by adjusting the frame size, color, and a variety of other variables. Alternatively, users can also purchase pre-existing themes.

The usage of hashtags, furthermore, allows for posts to be labeled as well as help to expand the reach of the content.

One key distinction compared to other social media platforms is the fact that Tumblr does not display a user's follower count.

Tumblr itself can be accessed by visiting the platform's website or by downloading any of its mobile apps (available on Android and iOS devices).

Tumblr was once one of the hottest social media companies but was mostly relegated towards irrelevance in the past few years. How it came to be, who is behind it, and what ultimately led to its demise will be covered in the next few chapters.

## **What Happened To Tumblr?**

Tumblr, which is headquartered in New York City, was launched in the summer of 2007 by high school dropout David Karp.

Karp is what many would describe as a tech prodigy. At the tender age of 11, Karp began learning HTML, a skill he would later use to code websites for other local businesses.

Three years later, at age 14, he started interning for animation producer Fred Seibert who would become one of his biggest mentors.

He got that internship with the help from his mother, a teacher on Manhattan's Upper West Side, who a year later would start to homeschool Karp.

Karp used that additional time at home to learn Japanese, which prompted him to move to Tokyo when he turned 17. Eventually, he would do freelance work for the online parenting advice site UrbanBaby.com.

Pleased by his work, the company decided to promote Karp to CTO. Three years later, in 2006, UrbanBaby was bought by news site CNET. Luckily, the founders had

given David some equity, which gave him enough of a financial cushion to contemplate his next move.

He decided to move back to the States to launch his own software consulting company dubbed *Davidville*, which he ran together with software developer Marco Arment.

Somewhere around 2005, Karp had stumbled upon a microblog called Projectionist, which was tracking all the tumblelogs at the time. Back then, publishing content on WordPress and other blogging platforms was extremely cumbersome.

The Projectionist, on the other hand, had managed to create a CMS platform that was visually much more appealing while making it easy to post new articles. By early 2007, Karp had enough time on his hands to try and figure out this blogging thing by himself.

Over the course of two weeks, he and Arment coded up a first prototype of what would eventually turn into Tumblr, which they consequently released in February 2007.



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Wayback Machine

Not long after the launch, Karp showed his creation to Fred Seibert who unfortunately wasn't tech-savvy enough to realize what he was presented with.

Luckily, his friends were more equipped. He decided to introduce Karp to Bijan Sabet of Spark Capital who had invested in one of Seibert's projects before. Sabet was immediately blown away. Ironically, it was Sabet who had to convince the notoriously shy Karp to turn his creation into a legit company.

Sabet even brought a term sheet to Karp who rejected it because it was simply too much money. Karp felt that he wasn't equipped to handle that much cash and the responsibility that came with it. On top of that, he liked working as a software consultant and wasn't sure if he could manage a startup with dozens of employees.

Sabet and Karp finally came to a compromise in October 2007, which meant that Spark Capital would 'only' invest \$750,000 into Tumblr at a valuation of \$3 million. Over the coming months, Karp and Arment literally worked on Tumblr out of their own bedrooms. It would take Karp another half a year, until April 2008, when he



hired a third employee (Marc LaFountain who dealt with customer support).

Despite its small team, Tumblr managed to churn out an impressive number of features. One of those critical features became reblogging, which allowed users to share content they loved and would later be even copied by Twitter (now known as *retweets*).

However, their small structure eventually caught up with them. Bug and support tickets would start to amass. Co-founder Karp was more busy handling customer requests than working on improving Tumblr.

He, therefore, decided to go out and raise funding again to beef up the firm's employee count. In December 2008, he raised another \$4.5 million from the same investors, namely Union Square Ventures and Spark Capital, who provided the firm's seed round.

As a result, Karp was able to hire another 10 people – and be able to focus again on what he was great at. Over the course of the coming months, Tumblr churned out a variety of new features such as a [Digg](#)– and StumbleUpon–inspired toolbar (which it named *TumbleUpon*).

By the end of 2009, the company managed to amass 20 million unique users while serving over 420 million page impressions. Three months later, in March 2010, it finally launched its first attempt at making money: selling premium themes.

Karp himself was of the same belief that Mark Zuckerberg held for the longest time, which is that displaying ads is simply not cool. After all, social platforms like [Myspace](#) drove many of their users away because the platform was bloated with ads.

A month after launching the theme marketplace, its existing investors rewarded Tumblr with another \$5 million in funding. The company had just surpassed the inaugural mark of one billion monthly page views.

Sometime during the summer, the platform hit an inflection point. Boosted by the content that its millions of users began to create, its page views quite literally exploded. This allowed (and required) Karp to move into a new office in New York and grow the team from around 12 to over 20.

Unfortunately, that growth was enjoyed without CTO Marco Arment who left Tumblr in September 2010 to focus on another project of his called Instapaper (which he sold to Pinterest in 2016). Investor confidence luckily remained undeterred.

In November, Tumblr was able to raise another \$30 million from Sequoia Capital and others who valued the company at over \$100 million. Its bloggers got so big

that Tumblr was even able to send 20 of them to New York's Fashion Week in early 2011. In fact, almost 20 percent of the top 1,000 blogs on the platform were fashion-related at that point.

After reaching the incredible mark of 10 billion blog posts in September 2011, investors rewarded Tumblr with yet another round of funding weeks later. This time, Greylock Partners, Insight Venture Partners, Chernin Group, as well as existing backers such as Sequoia and Spark Capital poured a whopping \$85 million into the business, valuing it at \$850 million.

Tumblr used some of that cash to launch its first-ever mobile app in November, which further boosted growth. However, revenue was still sparse since Tumblr continued to only sell themes.

This changed in February 2012 when the platform introduced the ability to highlight posts for a fee (ultimately launched in May). That promotion option was particularly aimed at businesses whose posts would naturally appear within a user's feed.

A month later, and just six months after hitting the 10-billion mark, Tumblr

announced that it managed to cross 20 billion blog posts.

The platform's ever-increasing relevance prompted Twitter to cut it off from its social graph in September. As a result, Tumblr users were not able to plug over their friends from Twitter into Tumblr.

Portions of its revenue and venture funding were, furthermore, used to launch various experiments. For example, in October 2012, Tumblr unveiled Photoset, a mobile app that could be used for “creating and sharing beautiful high-res photosets on your iPhone or iPad” and effectively competed against Instagram.

Throughout 2012, Tumblr managed to generate around \$13 million in revenue.

Because of changes in its hosting infrastructure, it also succeeded in cutting its cost base by \$20 million.

In late January 2013, Tumblr unveiled one of its biggest ever updates at that point. Unfortunately, not everyone seemed to enjoy those. This even prompted users to issue a Change.org [petition](#), which was signed by almost 20,000 people.

However, this paled in comparison to what was about to be announced just a few months later. In May 2013, internet giant Yahoo disclosed that it would acquire Tumblr for an eye-popping \$1.1 billion.

The acquisition netted co-founder Karp \$250 million. Not only that, but he received another \$85 million to stay on as Tumblr's chief executive.

Yahoo itself underwent a hefty restructuring process. Once one of the biggest internet companies (Microsoft, for example, bid close to \$45 billion in 2008 to purchase the firm), it had since been overtaken by the likes of Google, Facebook, and others.

As a result, the company decided to hire Google veteran Marissa Mayer who began

investing heavily into the firm's turnaround. Under her tenure, Yahoo ended up making over 50 acquisitions.

The Tumblr acquisition itself was met with mixed reviews. Critics said Yahoo heavily overpaid for a platform that only generated \$13 million the year prior. Additionally, around 10 percent of all blog posts on Tumblr were related to NSFW content, which could pose a significant reputational risk for Yahoo (on top of making it harder to sell ads).

Others compared it to Facebook's acquisition of Instagram, which turned out quite well. Additionally, Tumblr could tap into Yahoo's extensive salesforce to be able to sell ads on its platform, which in theory should significantly boost its revenue.

One of the first points on Yahoo's agenda was to introduce some heavier filters on the site. Unfortunately, this resulted in some heavy public backlash from the LGBTQ community as Tumblr ended up blocking terms such as #gay, #lesbian, and #bisexual.

Tumblr, as a result of the added resources that Yahoo provided, was able to double its headcount from 110 to over 220 people. Unfortunately, the added folks were not adding up to further growth as Tumblr's user metrics began to stall over the next few months.

Despite the lagging growth, Tumblr was still one of the fastest accelerating platforms out there (next to the likes of Instagram and Pinterest). More and more companies, such as Apple and Amazon, would launch dedicated blog sites on the platform.

On top of that, Tumblr helped uplift people into stardom. Most notably, music artist Taylor Swift utilized the platform to communicate with her fans and build a dedicated following, which she leveraged into millions upon millions of sales. To that extent, the platform also began to facilitate real-life concerts with artists such as Whiz Khalifa.



As a result, Tumblr announced the launch of its *Creatrs Network* in January 2015. This was a sort of creative agency that would help other bloggers to connect them with brands and other companies willing to sponsor their blogs.

By August, the company began to actively expand into other continents and build a physical presence there as well. More precisely, it launched in Australia and New Zealand where it would work together with local bloggers to boost their online presence.

Throughout the year, Tumblr continued to unveil additional features such as GIF search, Live Photo support for Apple's iPhone, instant messaging, or photo editing tools. While Tumblr seemed to be fine on the surface, its parent company Yahoo

faced more and more pressure as time passed.

This even culminated in a 99-page presentation by activist investor Eric Jackson who pushed CEO Mayer to lay off 9,000 of the firm's 12,000 staff, amongst other restructuring initiatives. Reports emerged that claimed that Yahoo even contemplated selling off its core internet business, which included properties such as Yahoo Mail.

Unfortunately, Yahoo's woes eventually caught up with Tumblr as well. In February 2016, after posting a Q4 2015 net loss of \$4.44 billion, Yahoo also announced that it wrote down the value of Tumblr by \$230 million (to around \$870 million). This was part of a larger \$4.5 billion write-down in the value of various Yahoo business units.

CEO Mayer even came out and said that Tumblr did not manage to hit the \$100 million revenue goal for 2015 that she previously set. In the subsequent weeks, additional reporting revealed that Yahoo was heavily restructuring Tumblr's sales organization.

Previously, Yahoo tried to integrate its own ad sales unit into Tumblr, which didn't go as planned. As a result, Yahoo decided to roll back the integration and leave Tumblr on its own again. To make matters worse, the same month Yahoo released its earnings, Indonesia announced that it would block access to Tumblr due to its pornographic content.

Meanwhile, Tumblr's users were also growing more frustrated with the platform. When it introduced instant messaging back in November 2015, it simultaneously removed blog replies. This turned away a variety of users who simply loved to engage with the blog posts themselves. After a lengthy user revolt, Tumblr finally brought the feature back in March 2016.

To get the company back on track, Tumblr began to hire experienced execs such as Arnie Gullov-Singh, the former COO of [Polyvore](#), among others. It also unveiled

additional features and products, for example, *Tumblr Labs*, which would allow users to opt-in to testing out new and experimental features on the site.

Regrettably, issues kept plaguing Tumblr. In May, reports came out that said over 65 million Tumblr accounts had been compromised as a result of a hack that took place back in 2013 (before Yahoo acquired the company). The affected user data was even sold on the dark web for a mere \$150.

Its woes continued when, in June, it was revealed that China blocked access to the platform. Days later, its iOS app mysteriously disappeared from the App Store, taking almost a week to be reinstated.

Then, in July, Yahoo announced that it once again wrote down the value of Tumblr. This time, it decreased it by another \$482 million. Additional reports emerged that Tumblr's sales team had a hard time selling available ad slots, which prompted it to work together with Facebook to fill those out.

That same month, Yahoo was sold to Verizon for \$4.8 billion in cash. Many began to speculate that this would usher in the end of Tumblr since Verizon seemed to be keen to clean up the mess that was Yahoo.

In the coming months, Tumblr introduced ads across the entirety of its platform as well as affiliate links that bloggers could post. Additional features and products, such as a separate video chat app called Cabana, were unveiled in the subsequent months.

Some of those features, however, were causing a backlash once again. In the summer of 2017, for example, Tumblr implemented a safe mode that was intended to filter out sensitive content. What it did instead was to block large amounts of blogs posts that didn't violate any rules.

Tumblr's demise continued when, in November 2017, co-founder and CEO Karp announced that he would be departing from the company after ten years. Long-

time COO Jeff D'Onofrio became his replacement.

The company, furthermore, had to fight ramifications from the 2016 U.S. election manipulation scandal that plagued Facebook and other social platforms. In March 2018, Tumblr was even forced to release state-sponsored disinformation and propaganda campaigns.

Generally, interest in the platform began to wane. Throughout 2018, its monthly active user numbers shrank from close to 30 million down to 20 million. In November, its app was taken down again from the App Store due to an issue with child pornography getting its way past its filtering technology.

While the app was back after a few days, Tumblr would soon dig its own grave. On December 17th, 2018, it banned all adult content on the platform. Within months of the decision being announced, the platform's traffic dropped by more than 30 percent. A [petition](#) to reinstate adult content, furthermore, amassed over 600,000 signatures.

Tumblr's woes culminated in the sale of the platform in August 2019. Software developer Automattic scooped up the company and its 200 employees for a mere

\$3 million, a far cry from the \$1.1 billion Yahoo paid.

Over the next few years, development on Tumblr largely stalled. However, that changed towards the summer of 2021. In July, Tumblr unveiled a subscription service that would allow bloggers to monetize their content.

A month later, it unveiled a podcast that would highlight what's currently popular on the platform. The platform also continued to abide by Apple's strict guidelines when, in December, it banned close to 450 tags.

Interestingly, Tumblr's development speed now seems to be reminiscent of its days as a young startup. In February 2022 alone, it unveiled two new products, namely the ability to tip content creators (similar to [Patreon](#)) as well as a subscription offering that gets rid of ads.

This may or may not have something to do with the departure of CEO D'Onofrio who left Tumblr in January. Automattic CEO Matt Mullenweg effectively became his replacement.

Under Mullenweg's leadership, Tumblr continued to add new features. In April (right before 4/20), for instance, it introduced *Tumblr Blaze*, allowing users to promote their content for a fee.

While Tumblr still manages to attract hundreds of millions of page views, it ultimately did not manage to fulfill its lofty promises. The reasons for its failure will, therefore, be covered in the next chapter.

## Why Did Tumblr Die?

Tumblr failed because it banned NSFW content, due to its inability to sell ads, lacking product stickiness, as well as differences in culture between the platform and Yahoo.

Let's take a closer look at each of the reasons why interest in the platform eventually faded in the section below.

### Banning of NSFW Content

Many believe that the ban of NSFW-related content in December 2018 represents the beginning of the demise of Tumblr.

As previously stated, months after it blocked this type of content, Tumblr's page views dropped by a whopping 30 percent.

The problem was that Tumblr faced a [Kobayashi Maru](#): keeping pornographic content on the platform would keep users around but on the other hand, make it tougher to a) sell ads (more on that later), b) moderate content and c) remain in the iOS Store.

Tumblr essentially found itself in a no-win situation. Since it almost became synonymous with pornographic content, an issue that even Yahoo was confronted with after the acquisition, its users simply grew accustomed to that type of material.

Naturally, if you remove a big portion of your content, you will end up alienating users, especially the ones that use a platform for a singular purpose.



## Inability To Sell Advertising

One of the biggest reasons why Tumblr failed was its inability to sell ads, which is the bread and butter of any modern social platform. There is a multitude of explanations for that.

First of all, co-founder Katz himself stated numerous times that he didn't like the concept of advertising. As a result, Tumblr refrained from putting on ads on the platform for the first six years of his life.

His lack of enthusiasm for advertising also carried over into the tools that Tumblr was developing. Many brands lamented the fact that Tumblr did not offer nearly as many options to target customers as platforms like Facebook do.

To make matters worse, up until March 2016, brands could only advertise on the platform if they had their own account on which they published blog posts. This consequently decreased the number of advertisers available.

Technology wasn't the only issue, though. Up until January 2015, Tumblr was operating independently from Yahoo. Mayer and the executive team came to the conclusion that it would make sense to integrate Yahoo's larger and more experienced sales team into Tumblr.

In theory, that idea wasn't too bad. Tumblr had a lot of ad space to sell and thus needed additional manpower. Moreover, Yahoo's sales team had decades of experience (and relationships that came with it) selling online ads, which it could pass onto the younger Tumblr squad.

Unfortunately, reality turned out completely different. For instance, Yahoo began moving salespeople from Tumblr's headquarters to the Yahoo office in Times Square, which many didn't like.

Many of Tumblr's sales employees also left after Mayer publicly announced that she wanted Tumblr to generate \$100 million in revenue for 2015, which was simply unrealistic at that point.

Turnover was extremely high as a result. This often led to multiple people pitching the same agencies and brands, which certainly didn't look professional.

Many also didn't have a great understanding of the Tumblr brand, which made it tougher to communicate why someone should be ad space on the platform.

And it certainly didn't help that a lot of the content that was shown on Tumblr was of sexual nature. Brands, especially the bigger ones, naturally don't want to be associated with this type of content.

## **Differences in Culture**

Another cause of Tumblr's demise was the difference in corporate culture between the firm's employees as well as people at Yahoo.

As previously stated, Yahoo struggled with integrating its sales unit into Tumblr's team structure. However, these issues went far beyond differences in sales strategy.

Various former employees of Tumblr underscored that point in an [interview](#) with Digiday. One former employee described working together with Yahoo as *"a bunch*

*of cool teenagers hanging out with your grandpa.”*

Others said that former Yahoo CEO Marissa Mayer, who departed from the company in June 2017, rarely talked to Tumblr employees, which further accelerated differences.

Lastly, both Yahoo and later Verizon are large corporations that need to abide by different types of regulations and processes.

The NSFW ban was certainly the most prominent result of that reality. But this was also expressed through other signs, for example, added meetings or the need to monitor public communications.

Tumblr's employees as well as Katz would, furthermore, participate in a variety of protests such as the fight for net neutrality. Many employees reported that once Yahoo was acquired by Verizon, many of its employees, most prominently Katz, stopped being vocal about social issues. This was likely a result of orders coming directly from Verizon.

The vast differences in culture ultimately led to the departure of dozens of employees, which left a gaping hole that Tumblr wasn't always able to fill. As a result, other teammates had to take on the workload, in turn prompting them to leave as well.

## **Stickiness Of Product**

The last reason why Tumblr failed, especially when comparing it to other social platforms such as Instagram or Snapchat, was the lack of stickiness its product

offered.

For example, whenever a new user would post content, it wouldn't show up on anyone's feed. As a result, he or she would not receive any sort of engagement (as expressed by comments and likes).

Take, for example, [TikTok](#), which often grants users added exposure when they first sign up. It's not rare that videos of new users would get tens or hundreds of thousands of views.

As a result of the lack of engagement, users would often abandon the platform after a few days of joining.

Another example of Tumblr's lack of stickiness is its Answer Time product. Followers can submit questions to a content creator. However, it would often take days until a reply would be displayed to the fan, which turned many away from the feature.

Platforms like Reddit are notorious for their AMA's, which often led to an onslaught of new users. Replies are also quasi-instant.

Additionally, Tumblr's product was much harder to get started with. In some instances, it even required knowing how to code. On the other end, social networks like Facebook only ask you to add your email and personal information, which makes onboarding so much easier and also reduces frustration.

Overall, Tumblr does not encourage users to post and reply to content as much as other platforms do. After it was acquired by Yahoo, its speed of churning out new

features rapidly decreased as well. As a result, it simply wasn't able to keep up with more innovative social platforms.

## Who Owns Tumblr?

Tumblr is currently owned by Automattic Inc., a software maker with no formal headquarters and physical offices.

Automattic, which also owns WordPress.com (not to be mistaken with WordPress.org), WooCommerce, and a dozen more companies, paid a mere \$3 million to acquire Tumblr and its more than 200 employees in August 2019.

This is a far cry from the \$1.1 billion that Yahoo paid in May 2013 to acquire (and eventually mismanage) Tumblr.

Prior to that, investors such as Spark Capital, Greylock, or Sequoia had poured in more than \$125 million to get Tumblr off the ground – and make themselves some money in the process.

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### Viktor Hendelmann

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