

ByteDance revenues rival Meta as both compete over social commerce

Article

The news: TikTok parent **ByteDance** posted **\$29 billion** in revenues in its second quarter, according to reporting by [The Information](#), with **40% year-over-year growth** that far outpaces its US rivals like **Meta**.

- Meta's revenues rose 11% to \$32 billion during the same period, putting into context the company's aggressive push into short-form video and **social commerce** and the threat ByteDance and **TikTok** pose to its social media and advertising dominance.

Behind the curtain: ByteDance is not a publicly traded company, making The Information's report a rare look at its portfolio's financial performance. The company generated revenues of \$54 billion in the first half of 2023, closing in on Meta's \$60.6 billion.

- \$5.8 billion in revenues during the second quarter came from outside China, with the majority coming from TikTok. Despite TikTok's popularity and influence in the US, ByteDance gets the majority of its revenues from China, where it operates another short-form video app named **Douyin**.
- We expect Douyin to bring in **\$20.81 billion in ad revenues** in China this year—close to The Information's \$20 billion estimate for TikTok's yearly revenues outside of China.
- Meta's last two quarters marked a return to growth after a difficult year for the US ad market, with revenues jumping 11% and 23% in **Q2** and **Q3**, respectively. But ByteDance's comparable growth and revenues, along with TikTok's still-growing popularity, show that Meta's lead isn't as far ahead as it may like.

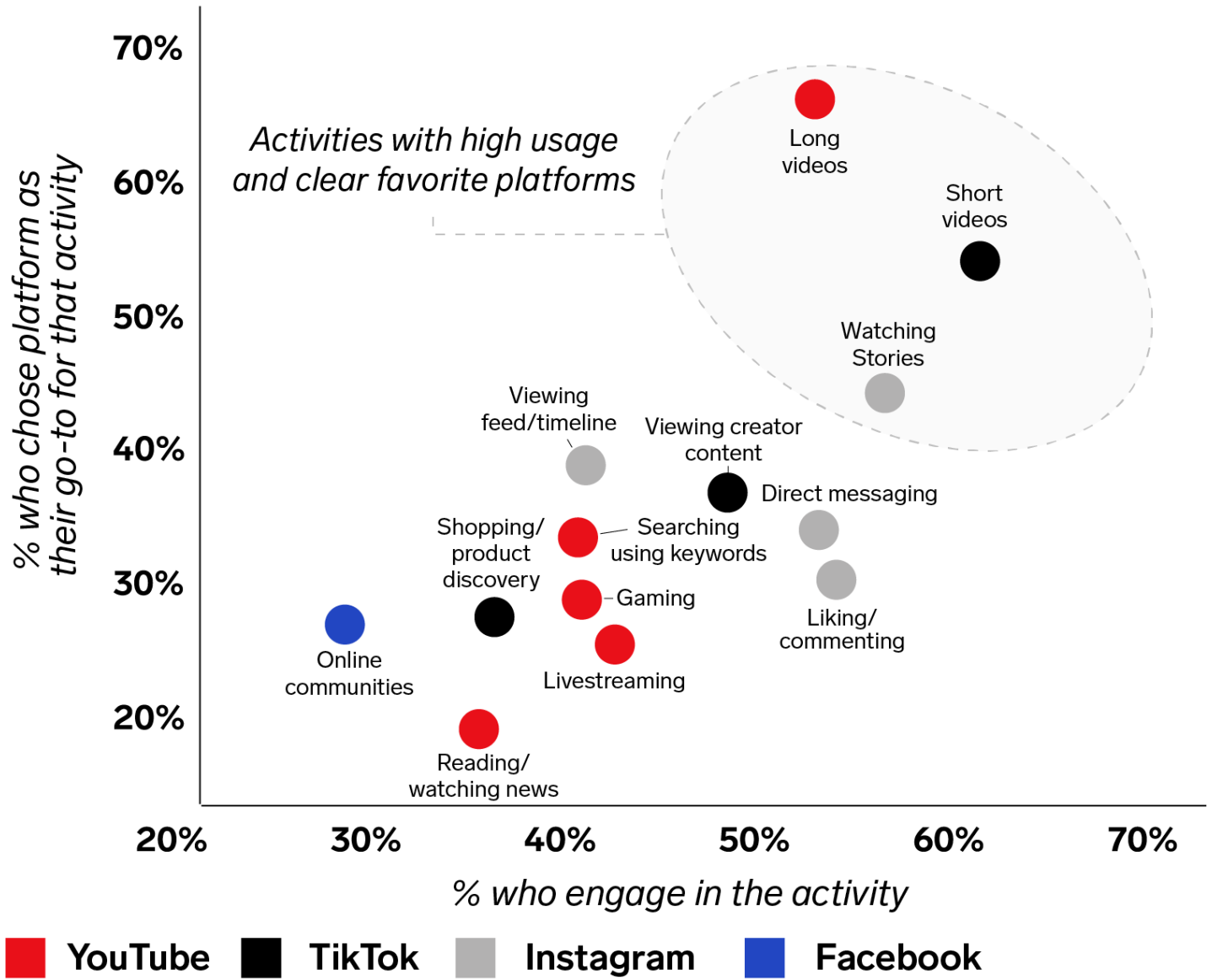
Battlegrounds: Advertising is the primary driver of revenues for both ByteDance and Meta, but Douyin also gets a **significant portion of its revenues** from social commerce—a sector Meta has recently **renewed its push into** via partnerships with **Amazon** and other shopping integrations.

- Social commerce has seen strong growth in the US in 2023, though sales are rising **faster than the number of buyers**. We forecast that there will be 106.8 million US social commerce buyers in 2023, amounting to \$67.06 billion in sales.
- The 106.8 million buyer figure represents half of US social media users, but it's unlikely that all users can be converted into buyers. But high sales per buyer still indicate a long runway for social commerce growth in the US, making it a key sector for competition among social media firms.
- When it comes to converting younger social users into buyers, TikTok has an advantage. Gen Z's usage of TikTok and Instagram is neck-and-neck, but more say that TikTok is their go-to platform for the attention-grabbing short-form video format, per our **July survey** of Gen Z social media users.

Our take: Meta’s social media throne is being challenged by ByteDance’s performance, but political issues in the US could give it some breathing room. States like Montana are attempting to ban TikTok outright over fears of its ties to China, and there has been talk of a ban at a federal level that would significantly hamper ByteDance’s inroads.

Gen Z Social Users Have a Clear Go-To Platform for Only 3 Activities

For many other popular activities, top-platform status is still up for grabs



Note: among Gen Z (ages 15-26) social media users who engage in each activity; read as "More than 60% of Gen Z social media users view short videos, and more than 55% consider TikTok their go-to platform for that activity."

Source: Insider Intelligence | eMarketer, "US Gen Z Social Media Survey 2023," July 2023

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