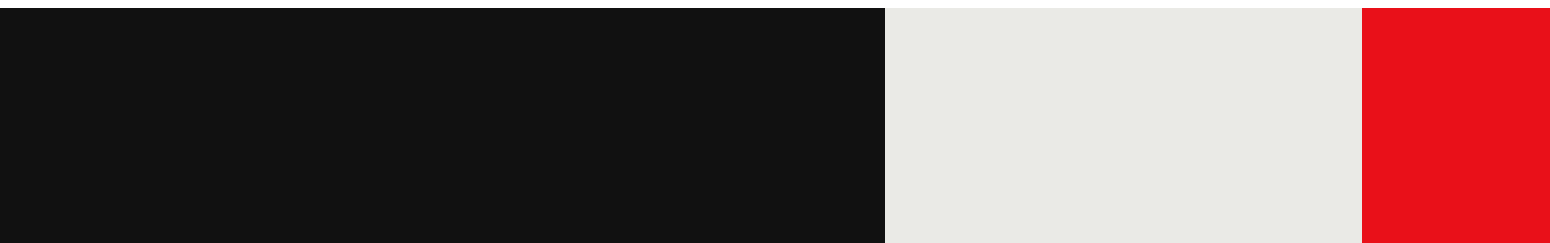



Meta's ad revenue share vastly exceeds its share of consumer time

Article

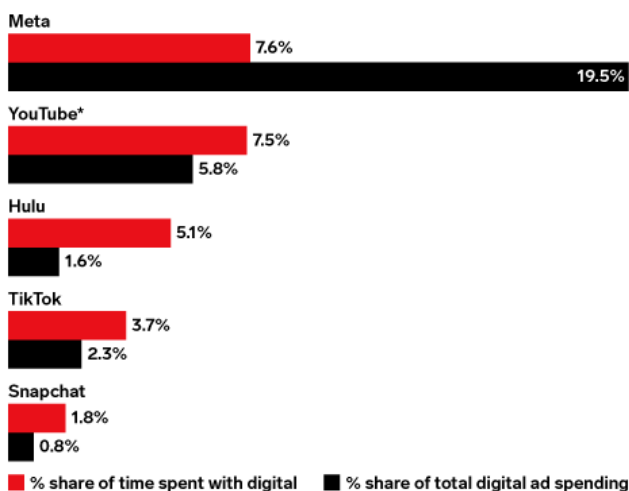


Meta is one of the two most successful ad publishers in history (along with its duopoly rival, Google), but its ad dominance does not come in tandem with an equally dominant hold over consumers' time. In fact, Meta's share of ad revenues is surprisingly out of step with how much time people actually spend on its platforms, particularly when compared with competitors like YouTube and TikTok.

- **The adult population will spend a little over 0:34 per day with Meta properties this year.** This amounts to about 41.8% of daily social media time and 7.6% of overall digital media time. Yet **Meta will claim** roughly 75% of social ad dollars and nearly 20% of total US digital ad spending.
- **YouTube's time spent figures also round to about 0:34 per day.** But despite claiming 7.5% of adults' digital media time, **YouTube will only draw** 5.8% (gross) of all digital ad spending.

Share of Digital Time Spent per Day by US Adults vs. Share of US Digital Ad Spending, by Platform, 2023

% share of time spent with digital and % share of total digital ad spending



*Note: ages 18+; average time spent per day with select media platforms includes usage via any device; Meta includes all time spent on both Facebook and Instagram; YouTube includes YouTube TV; Hulu includes Hulu + Live TV; digital ad spending includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; paid advertising only; excludes payments to influencers or other creators to produce sponsored content; includes branded content amplified as paid media; Meta includes Facebook and Instagram ad revenues; excludes revenues reported under Meta's Reality Labs segment; *represents gross ad revenue
Source: Insider Intelligence | eMarketer, H1 2023*

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Insider Intelligence | eMarketer

- **Among ad platforms that focus on keeping users engaged, only Meta overindexes against time spent.** Plenty of major ad publishers are more concerned with clicks than with time spent (e.g., Google search, Amazon), but social networks and digital video platforms need to keep users tuned in for as long as possible each day in order to thrive. Only Meta seems to have figured out how to transmute user engagement into outsize monetization.
- **TikTok is heading in the right direction but has a long way to go.** **TikTok's ad revenue** growth will greatly exceed its time spent growth this year and for the next several years, so its ratio in

the chart above is set to improve. The same will be true to a lesser extent for the others, but only TikTok is growing its ad business fast enough to eventually overindex against time spent the way Meta does. This threshold, however, is many years away (assuming TikTok is not banned in the US first, of course).

What does it all mean? Meta’s ability to draw ad revenues so out of proportion with its user engagement is a testament to the company’s history of technical and operational prowess. AppTrackingTransparency (ATT) rocked the boat to be sure, but for the most part Meta has cracked the code when it comes to leveraging user data, facilitating ad placements, making life easy for marketers, and ensuring trackable ROI. Its audience scale also remains unmatched. Nonetheless, the magnitude of its advantage in the chart above might raise eyebrows—and suggests some advertisers may be in a rut of path-dependency left over from the days when Meta was more central for consumers than it is now.

Report by Ethan Cramer-Flood Jul 17, 2023

US Time Spent vs. Ad Spending 2023

