

Four ways the worldwide social media landscape will change in 2023

Article

At first glance, this may look like an undramatic year for social media. Among the major global platforms, Facebook and Instagram will remain firmly at the top in both total revenues and user base, and TikTok will once again be the fastest-growing platform in both areas. But this isn't the status quo it seems to be. The events of 2022 are reshaping social media in multiple ways.

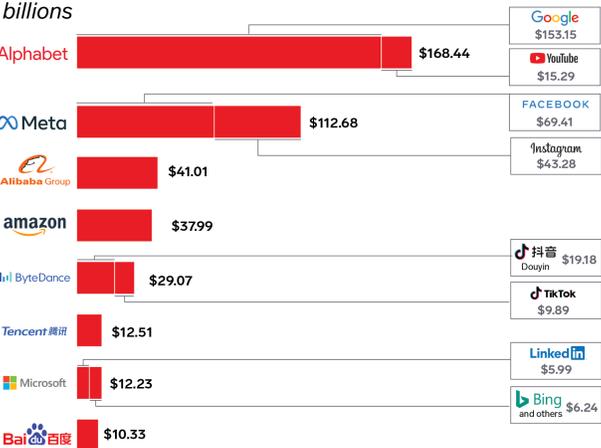
No. 1: Economic challenges and self-inflicted wounds will weigh on Meta. Ad revenue growth will recover to 8.2% this year after a historic 2.0% decline in 2022, but that won't be enough to reverse its declining share. Meta's cut of worldwide digital ad spending peaked at 22.0% in 2021 but will fall to 19.4% this year, per our forecast.

Facebook will grow just 0.3% in worldwide monthly users this year, and its share of internet users will dip under 45% for the first time. Meanwhile, Instagram's ability to buffer Facebook's losses is diminishing; although its monthly user base will be up 4.7% this year, its share of worldwide internet users will rise by less than a percentage point, to 28.7%.

No. 2: As Meta falters, ByteDance will cement its rise onto the world's stage. Ad revenues for ByteDance's social platforms TikTok and Douyin will increase 24.5% this year, pushing the company to a 5.8% share of worldwide digital ad spending—greater than LinkedIn, Snapchat, Twitter, and YouTube combined. And the combined footprint of the two apps (Douyin in China and TikTok in the rest of the world) will stand at 1.70 billion monthly users in 2023, amounting to 36.5% of worldwide internet users and 45.2% of social network users.

By 2026, Douyin will have almost the same number of users as China's popular super app, WeChat—another sign of ByteDance's growing dominance. The threat of US regulation on TikTok still looms, but ByteDance's massive footprint cannot be ignored.

Companies With Over \$10 Billion in Net Digital Ad Revenues Worldwide, 2022



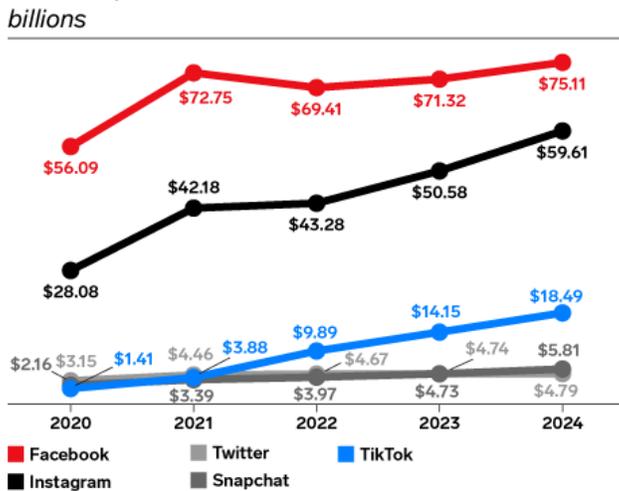
Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Alibaba total includes Youku Tudou; ByteDance total does not include smaller properties inside China such as Toutiao and Baike
Source: eMarketer, Oct 2022
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No. 3: A new crop of social platforms will vie for consumer attention. Users are fleeing Twitter’s chaos for other platforms that facilitate public conversations. And the hunt for the next big Gen Z social app is spurring the rapid rise of BeReal, Gas, and others, putting Snapchat and TikTok on notice. While we don’t expect any of these newer platforms to pose a significant challenge to the top five this year, there’s a good chance at least one of them will finish 2023 in a much stronger position.

No. 4: The global rise of retail media will bring new competition for commerce ad dollars. For companies like Meta, commerce advertisers have long been a key revenue stream. That changed in 2022, as Apple’s privacy-related changes lowered ad performance and opened these companies’ eyes to a rising opportunity to reach buyers: retail media.

Retail media platforms like Amazon offer many of the same benefits that social platforms do, including a large and engaged audience, targeted advertising, and ecommerce integrations. A burgeoning list of companies are throwing their hats in the ring in the **US, Europe, and Latin America**; the threat of retail media to the social platforms’ future ad revenue growth cannot be ignored.

Social Network Ad Revenues Worldwide, by Platform, 2020-2024



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes spending by marketers that goes toward developing or maintaining a social network presence
 Source: eMarketer, Oct 2022

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It’s tempting to look at today’s landscape and assume that social media has run its course. We don’t see it that way. Marketing and advertising opportunities are still plentiful, and consumers

still engage on social platforms. But this year will be far from easy for the major players.

Report by Debra Aho Williamson Jan 31, 2023

Worldwide Social Media Outlook 2023

