

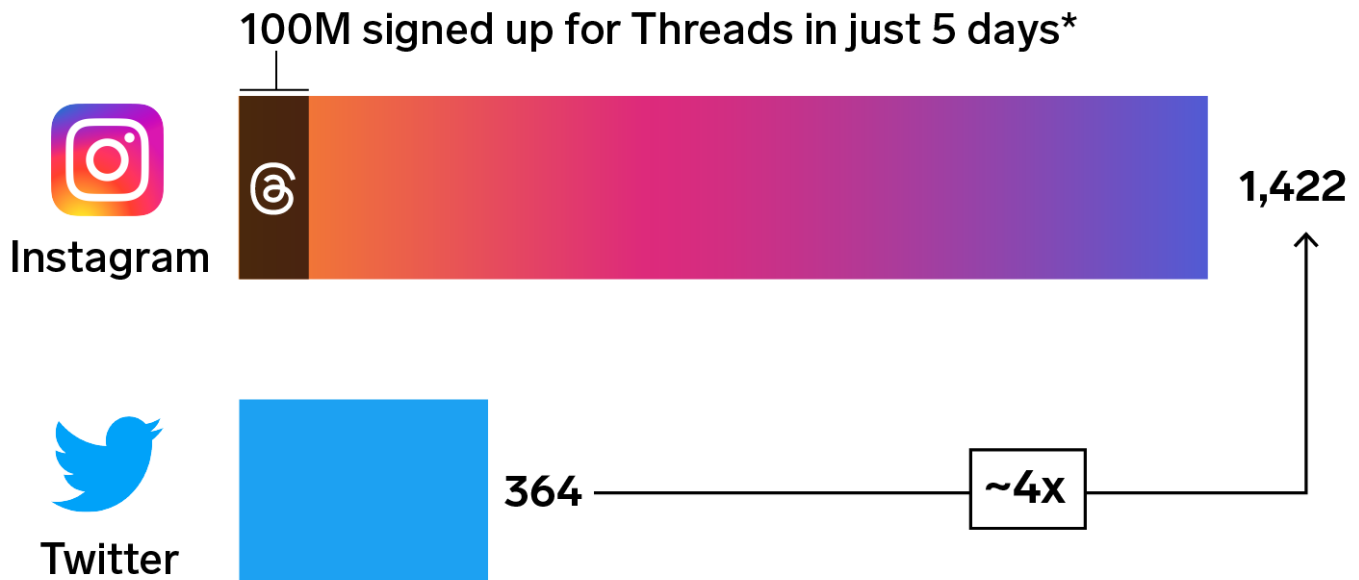
What's next for Threads after its initial surge in sign-ups?

Article

The metaphorical Zuckerberg-Musk cage match has started. Threads already poses a real threat to Twitter, but it still has a lot to prove once the hype dies down. Sign-up growth and engagement have already slowed—which was to be expected after the initial surge: On Tuesday and Wednesday last week, time spent per Threads user fell to 10 minutes, from 20 minutes the previous Saturday, according to Sensor Tower.

Only 1 in 4 Instagram Users Need to Use Threads Monthly for It to Reach the Size of Twitter

number of users worldwide, millions, 2023



Note: *Threads accounts as of July 10, 2023, in the 100 countries where Threads is available; internet users of any age who use Instagram, Twitter at least once per month
Source: Meta; Insider Intelligence | eMarketer, May 2023

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Insider Intelligence | eMarketer

Threads must find its identity.

It's not enough to be a Twitter alternative. Some users have said they don't know why they are using the app other than partaking in the hype and seeing if it could be a potential Twitter replacement. It's not completely clear what Meta executives plan to do with it either, beyond providing a "friendly place for public conversations, particularly focused on creators," as Mosseri told The Verge, rather than a place for news.

Threads must also be more than an extension of Instagram. Establishing Threads as a standalone app from Instagram was a smart move, but Threads will also eventually have to truly stand alone. While there's clearly still an appetite for text-based social media, Meta will

have to figure out what that means outside of news and politics. Leaning on creators to build the culture will help, and how they choose to use it will ultimately determine how the app is used and for what.

Threads ads will hit Twitter where it hurts.

Yaccarino's job just got exponentially more difficult. After months of not spending, many advertisers have realized that they simply don't need Twitter to reach their goals and have been looking for a replacement. Twitter ads will be an even tougher sell if there is a perceived alternative with an engaged user base—and with the power of Meta's ad platform, targeting capabilities, and brand safety tools behind it.

Threads revenues will be incremental for Meta. Investment banking advisory firm Evercore ISI estimates that Threads could generate \$8 billion in annual revenues for Meta by 2025. That's a sizable sum, but it will represent just about 5% of the \$147.01 billion we expect for Meta's global ad revenues that year. Advertising is likely to make up most of those revenues, but subscriptions and paywalled content are also strong options, given Threads' focus on creators.

Report by Jasmine Enberg Jul 17, 2023

Threads Is Here

