

# Reels and YouTube Shorts are creeping up on TikTok's lead

## Article

**The news:** The latest Big Tech earnings may have proved difficult for social media giants, but they provided significant updates on **Meta** and **Google's** efforts to take share in the short-form video market from **TikTok**.

**“Early days” for YouTube Shorts:** Google’s short-form video competitor was a glimmer of hope for the tech giant in a dour Q4 earnings report last week.

- Although **YouTube** ad revenues were well below expectations, Shorts managed to hit a landmark **50 billion daily views**, up from 30 billion in Q1 2022. That’s a promising bump in popularity for a platform which, like the other big tech competitor on the market, has had trouble distinguishing itself from TikTok.
- US short-form video advertising spending is expected to rise 10.4% in 2023, but a new revenue sharing program for Shorts creators could further cut into YouTube’s earnings.
- Still, that very same program is one of YouTube Shorts’ strongest weapons. Creators on TikTok have regularly butt heads with the platform over opaque creator payouts, and YouTube’s clear rules and higher payments are already attracting producers. But for creators, the huge cultural influence of TikTok and its high viewership make it a must-use platform.

**US Total Media Ad Spending and Growth, by Format/Media, 2022-2023**  
*billions, % change and % of total*

	2022		2023		
	Spending	% change	% share	% change	Previous growth
Cinema	\$0.3	103.0%	0.1%	49.9%	34.9%
Out-of-home	\$9.1	19.0%	2.9%	6.7%	7.7%
Search	\$114.6	15.4%	36.1%	11.3%	12.6%
Direct mail	\$18.9	9.9%	5.9%	-7.1%	-6.8%
Audio	\$16.8	5.9%	5.3%	0.5%	0.8%
Video	\$87.9	7.1%	27.7%	-4.4%	-3.1%
—Short-form video	\$18.3	11.9%	5.8%	10.4%	13.2%
—Long-form video	\$69.6	5.9%	21.9%	-8.3%	-7.5%
—National AVOD, OTT/CTV	\$6.8	18.4%	2.2%	31.6%	32.7%
—National linear TV	\$38.7	-4.0%	12.2%	-6.3%	-5.8%
—Local TV	\$24.0	22.7%	7.6%	-22.9%	-22.1%
Social	\$61.8	1.2%	19.4%	4.8%	6.4%
Publishing	\$16.0	-4.2%	5.0%	-1.8%	-1.1%
<b>Total (including cyclical events)</b>	<b>\$317.5</b>	<b>8.0%</b>	<b>100.0%</b>	<b>3.7%</b>	<b>4.8%</b>
<b>Total (excluding cyclical events)</b>	<b>\$310.2</b>	<b>6.2%</b>	<b>97.7%</b>	<b>5.8%</b>	<b>6.8%</b>

*Note: cyclical events include elections, Olympics, etc.*  
*Source: Magna Global as cited in press release, Dec 4, 2022*

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**A path for Reels:** Meta’s **Reels** are now accessible across **Facebook** and **Instagram**, but it still trails TikTok and YouTube in time spent. Still, Meta expects positive figures for Reels in the near future.

- In its Q4 report, Meta said Reels will be revenue neutral by the end of the year or early 2024. At present, Reels seems to not generate much revenue despite driving Instagram’s new strategy. In Q3 2022, Reels accounted for only 4.7% and 1.9% of ad impressions on Instagram and Facebook, respectively.
- While that might not look good on paper, a lack of advertisements could be an advantage for Reels in the short term as it looks to attract followers and convert regular Instagram users into Reels viewers. Instagram and Facebook video plays doubled in the last year, per Facebook—a sign that fewer ads are a plus to users.

**No smooth sailing for TikTok:** Despite maintaining its status as the dominant force in social media and digital video, TikTok’s future is anything but secure. The app is facing political challenges that threaten its very existence in key markets, and competitors are looking to pounce on that weakness.

- At the end of 2022, TikTok was banned from US government devices as concerns about its ties to China reached a fever pitch. Those measures are escalating: Politicians across the aisle have proposed an outright ban on the app, prompting TikTok to open its operations to regulators and reorganize its US business.

