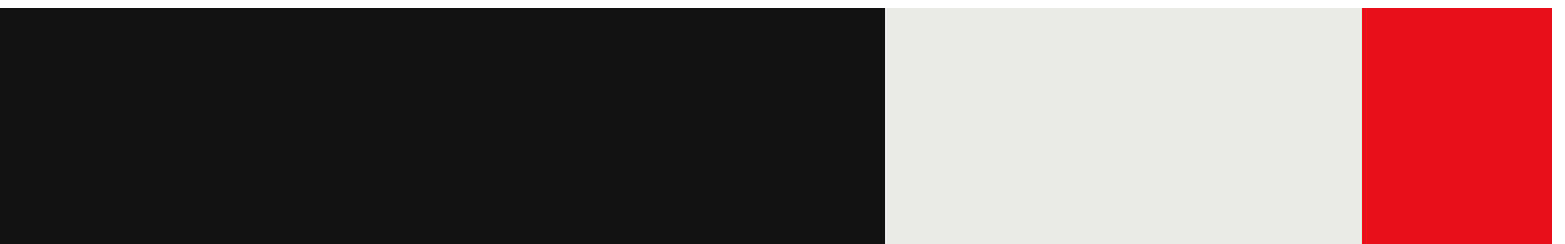


The Daily: What will TikTok turn into next, Threads vs. X, and Snap distancing itself from social media

Audio



On today's podcast episode, we discuss why TikTok might not actually be a social media platform, how much young people use it to search for things, and whether TikTok Shop is ruining TikTok. "In Other News," we talk about the battle between Threads and X (formerly Twitter), as well as whether Snap distancing itself from social media will work and start a trend. Tune in to the discussion with our analyst Jasmine Enberg and director of Briefings Jeremy Goldman.

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Episode Transcript:

Marcus Johnson:

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Jeremy Goldman:

It's not just TikTok, there will be something else. There will be other things, including the new OpenAI search engine, that is going to take potentially market share away from Google as well. So again, you're just going to see a lot more players in virtually every market, from digital video to search.

Marcus Johnson:

Hey, gang, it's Monday, March 11th. Jasmine, Jeremy, and listeners, welcome to the Behind Numbers Daily, an eMarketer podcast, made possible by Nielsen. I'm Marcus. Today, I'm joined by two folks. We meet them immediately.

We start by introducing our principal analyst, covering everything social media based in California. It's Jasmine Enberg.

Jasmine Enberg:

Hey, Marcus. Hey, everyone.

Marcus Johnson:

Hello there, also joined by someone on the other coast in New York City. He is the senior director of Briefings for us, it's Jeremy Goldman.

Jeremy Goldman:

Happy almost Ides of March. Looking forward to this one.

Marcus Johnson:

Oh, I should have known you were going to come out with something like this. Jesus. Thanks, Jeremy. Today's fact, this one's, this can't be true, a day on Venus, the planet, is longer than a year.

Jasmine Enberg:

What?

Marcus Johnson:

Right? Exactly. So I'll try my best to explain. So the Royal Museums of Greenwich gave it a go, and I think I get it, but I still don't quite believe it, because it's just so amazing. So it takes Venus longer to rotate or spin once on its axis than to complete one orbit of the sun. So a day is obviously when the world spins round, and a year is when it goes once round the sun, and so it takes 243 Earth days to spin once. That's Venus. It's the longest rotation of any planet in the solar system, and 18 fewer days, fewer Earth days, 225, to complete an orbit of the sun.

Jeremy Goldman:

My head hurts.

Marcus Johnson:

I know.

Jasmine Enberg:

Same.

Marcus Johnson:

Did that make sense? Probably not. [inaudible 00:02:19]-

Jasmine Enberg:

It actually, it makes sense. I can see how it theoretically makes sense, is what I'm trying to say, but does it make sense in my brain? That's still up for-

Marcus Johnson:

Yeah, I'm right there with you, yeah. Anyway, today's real topic, how TikTok has changed and is changing. In today's episode, first In the League, we'll cover TikTok, then for In Other News, we'll check in on the Threads versus X battle and how Snapchat is trying to reposition itself. We start, of course, with the lead, and talking about a ton of TikTok related stories, and we'll start with a piece in The Atlantic by Caroline Mimbs Nyce, stating that, "You're looking at TikTok all wrong. The idea that it's just all dancing, lip-syncing teens, it's horribly out of date," she says, "And that the TikTok of today is more like a cable TV giant or a streaming service, crushed into an endlessly scrolling feed."

So we'll start with that question, Jasmine, "Is it?" Is TikTok, should it be looked at more as bite-sized TV?" And overall, what did you think of the piece?

Jasmine Enberg:

I actually really liked this piece, and I think it encapsulated really well how TikTok has transformed over the past couple of years, and using the UMG TikTok standoff as an example I think was really smart. When UMG pulled its music off of TikTok, I had so many people reach out to me and say, "Is TikTok dead?," and my answer was, "TikTok will be just fine," and lo and behold, TikTok is just fine, at least by this account, and that's because it isn't an app that's just about dancing and lip-syncing, although that's still part of it. There's plenty of other content and behaviors that are happening on the platform. But what I think was the most interesting and spot on part of this article was actually how she ended it, where she said that, "TikTok doesn't actually need many of its users to be creating content, it just needs us to sit back and scroll," or something along those lines. And that's so true.

TikTok doesn't need everybody to be creating content, but the people who are creating content, TikTok really needs. And those people, of course, are creators. Yesterday, I was at TikTok's creator summit here in LA, which was really focused on long-form video, which, Marcus, you and I have talked a lot about, and how TikTok is pushing really heavily into that space. The whole event was really geared around helping particularly larger creators pivot more towards long-form video and giving them strategies for optimizing that, and that to me was just a clear indication of how essential these creators are to TikTok in order to make this long video push work, and long video, of course, is essential for TikTok to build itself into an entertainment powerhouse that can take on the likes of TV or streaming, because, of course, it is already entertainment, at least in the social space.

Jeremy Goldman:

And I ... By the way, Marcus, I agree with Jasmine partially, I will say. I told her, "Be willing to fight."

Marcus Johnson:

Uh-oh.

Jeremy Goldman:

"Put your Dukes up, but-"

Jasmine Enberg:

I'm ready.

Jeremy Goldman:

So, we worked on a piece together on this topic, and we were kind of talking about like, "Should YouTube even be in the title?," and Jasmine was like, "No, it's not part of the story." I was like, "I actually think that it is part of the story, so I'll bring it up here," because if you look average time spend per day with a select digital media platforms, we have a whole lot of different things that we benchmark against one another, and TikTok, 18 minutes a day, total as average for 2024, YouTube, 36 minutes. So obviously, this is something that, I think, some of these enhancements and these changes are meant to push TikTok a little bit more in direct competition with YouTube simply because you do need longer content if you want more monetizable time on the platform. And TikTok, let's not forget, the last few years, has grown so dramatically, that if you want to keep up the pace of advertising growth, which you're not going to do no matter what, but if you want a chance at being able to do that, you really do have to have more total hours rather than more total assets, because there are a lot of lurkers on TikTok who don't create content, but they want to consume it. So in that sense, yeah, I feel like all these platforms are converging and really competing with one another.

So that's, I think, a really interesting trend to watch.

Jasmine Enberg:

Well, let me be clear first, because I didn't say YouTube wasn't part of the story. I said that it's bigger than just YouTube, right? So TikTok does have to compete with YouTube, but it's also angling to compete with TV and entertainment at a much broader scale.

Marcus Johnson:

Yeah. Really quickly, UMG is Universal Music Group, just for folks who weren't familiar with that acronym yet. Jeremy, you mentioned a lot of people on TikTok who are just there to hang out, and Jasmine, you referenced that line where she talks about kind of just sit back and watch, and there was a study by Pew, which we just reviewed for this episode, showing about half of users have never posted, so they're just purely to consume content. And, yeah, the study was put out from Pew, looking at how U.S. adults use TikTok. So Jeremy, I'll start with you. What was one of the most interesting findings from this research for you?

Jeremy Goldman:

Yeah, I mean, I think one of the key things that is really interesting is that when you think about social media, and again, everything's converging, there's some things that are a lot more inherently social than others. There are some platforms where most people are just, like I said, they want to be consuming content and treat it a little bit like Netflix. And for platforms like that, and I say TikTok, Instagram, YouTube, those are always going to need to fight for UGC. They need more and more user-generated content and high-quality content, and even though a lot of creators are spending time developing content across platforms, you want to make it easier and more turnkey to create as much content as possible for your particular platform in order to win, because then, it becomes just a more vibrant creator economy ecosystem that you are really in charge of as a platform.

Jasmine Enberg:

Yeah. So the most interesting part for me was actually the stat where it said the most active 25% of TikTok users are creating 98% of the content, and I actually thought that was really high. I would've thought it would've been a much smaller share creating content.

Marcus Johnson:

Which number? Oh, interesting. Okay. Oh, you thought 25% was high, does it?

Jasmine Enberg:

I thought 25%- Yeah, because if you think back to a platform like Twitter, now X obviously, but when they were releasing some of their stats, it was something like the top 10% were creating 98% of content, so 25% in that comparison was just, it was really high for me.

Marcus Johnson:

Yeah. I actually wrote that down as well, because same was true for Twitter. Pew had a study a few years back, and it was pretty much exactly that 10% creating ... It was 80 or 90%. It's basically all of the content.

So 25% was quite ... Especially considering their videos, they're harder to create, you can argue, than just typing a few words and hitting send.

Jasmine Enberg:

Although getting a good tweet is really hard. I would not say that's a low lift.

Marcus Johnson:

True. That's true. Let's talk about how folks are using TikTok and how that's changing. Jeremy, you recently wrote about how younger people, in particular, are using TikTok more and more and more and more to search for things.

Jeremy Goldman:

It's one of those really fascinating things to think about, is that search has just really moved into so many different areas that we didn't previously think about, right? I mean, how often do people just ask their smart speakers, "Alexa, please tell me so-and-so," and then they get an answer, right? That is some piece of search that was nothing, really, a decade ago. And I think that the same thing happens, really, from a social discovery standpoint, particularly for certain categories, they over-index. Like if you're looking for recipes, people are less likely to use Google now.

They're more likely to go to TikTok, and this tends to be something that we see like generational differences, you know? So for instance, nearly 10% of Gen Z users now prefer TikTok over major search engines like Google when they're looking for information overall, which I think is obviously like a portend of things to come because it's not just TikTok, there will be something else. There will be other things, including the new OpenAI search engine, that is going to take a potentially market share away from Google as well.

Marcus Johnson:

Yeah.

Jasmine Enberg:

I think that's right. I mean, search is diversifying, and it's also a lot more diverse actually within the social space too than a lot of these headlines make it seem. We talk so much about young people searching on TikTok, but we ran a study last year that actually showed that Gen Z prefers YouTube over TikTok for search. So they're using a lot of different platforms even within social to search, and I think Jeremy's point about what they're searching for is so valid because they're not necessarily performing the same kind of searches that they might do on a Google or an Amazon, but they're looking things up that they want more visual, engaging, interactive, or crowdsourced results for.

Marcus Johnson:

Yeah. Zooming out away from young people and looking at the entire population, Jeremy, I think in that piece, you had some research from Jungle Scout. I think it was the September research, and it was pointing to where folks start their online shopping searches, all people, not just young people. Amazon, unsurprisingly, number one, 50%, then Google or search engines, but mainly Google, 40%, Walmart, 34%, and then YouTube, which Jasmine mentioned particularly popular among younger folks, and also Facebook rounding out the top five places. But folks are just as likely to start their shopping search on TikTok, according to this research, as they are to start it on Instagram or Target.com.

All those three had about 16%, and it's actually, they're all four points ahead or higher than Pinterest. Target.com is the sixth largest online shopping company or retailer in the U.S.. Now, everyone is way, way behind Amazon, so there's a big gap between sixth and first, but still, for it to be on par with Target in terms of where you start your shopping search, I think it's pretty significant, and Instagram as well, to be honest. Speaking of shopping, "Is TikTok's e-commerce bet making TikTok worse? This was a question asked by Daniel Constantinovich and Zak Stambor, noticing that TikTok's user growth began to slow around the same time that the social app leaned into e-commerce, launching TikTok Shop.

According to Sensor Tower data reported in TechCrunch, they explained that the short video app began testing TikTok Shop in the U.S. in November of 2022, adding more brands throughout last year before successfully launching in September of 2023, but Daniel and Zak write that, "The marketplace has been riddled with low quality and counterfeit goods, turning off some users with creators complaining that the platform's emphasis on shopping turned the social app into a 'Ad-filled wasteland,'" according to Business Insider, with Redditors arguing, "TikTok Shop Ruins the app." Jasmine, has it?

Jasmine Enberg:

People love to complain whenever a social platform introduces new features, and a lot of times, that angst and that anger around it tends to settle down, and it becomes part of the overall shopping experience. And I don't think people were necessarily more frustrated about TikTok Shop marketplace. It's a separate tab. I think what they were annoyed about was the influx of sponsored content and TikTok Shop ads, and that to me is partially because TikTok Shop launched at a really opportune time. It was during the holiday season, so people are shopping a lot more.

Inevitably, there's going to be a lot more content that can lead to a decrease in time spent, and we've seen that. I do think that that's probably going to be temporary, although what Jeremy noted is correct, we are seeing TikTok start to plateau overall in terms of time spent on the app, but that's natural. We're already spending so much time there, so it's inevitably going to slow down. So no, I don't think it's ruining the app. I think there's a lot happening that is going to make it a lot more seamless to have these shopping experiences, whether that's things like recommended products or even search advertising, which I think TikTok is going to push really deeply into this year, or product placement, which I've been reading about a lot with GenAI companies, really finding ways for brands to be able to seamlessly put that content or those products into content.

So yeah, people are angry. Do I think TikTok Shop is ruined? No, and I'm going to say the same thing I said to the people who asked about UMG and TikTok. TikTok is going to be just fine.

Jeremy Goldman:

And even though it will, I agree there. My good friend, Regina George, once said, "Stop trying to make fetch happen," and I think that you can try a little bit too hard as a platform to make something happen that the user is not necessarily begging for, and it is true that in the short term, they're not going to be ready for it and they might be complaining, and then they get used to it. So at launch time, I think it's fair to say that the user experience was not necessarily completely well-thought-out. There were a lot of issues. They were trying to get ready for the holidays, and do I trust them to figure it out over the long term?

All signs point to yes, but was it like a smashing success out the gate? Most signs point to not really.

Marcus Johnson:

Right.

Jeremy Goldman:

So it remains to be seen, but more optimistic outlook in the long term.

Marcus Johnson:

There are some folks who are saying TikTok Shop may have affected user growth. There were some results from a CAPTIVATE study, which tracked with data from Sensor Tower, showing

TikTok's user growth slowing around the time it began leaning into e-commerce. But Jasmine, you mentioned kind of the inevitability of a slowdown eventually, because you can only grow so much. And yeah, my question after I read this was, "Was TikTok hitting a ceiling anyway?" I went and looked at some of the growth numbers, because overall growth, 2021 was 30%, and in 2022, it dropped to 10%, shows quite a slowdown.

At the end of 2022 is when TikTok Shop started to exist. It started to mess around with it. However, by 2021, 70%, seven zero of Gen Z smartphone owners were on TikTok. That's the same share of young people who are using Instagram, and nearly half of millennials were also on TikTok. So I think maybe they were just hitting a ceiling already, and this coincided with TikTok Shop.

Did it have no effect? Probably not. Probably had some, but I think it might be a bit overblown in terms of how bad it's been for the platform.

Jasmine Enberg:

And really importantly, Marcus, those users were already shopping on TikTok even before TikTok Shop was launched, right?

Marcus Johnson:

Right. Right.

Jasmine Enberg:

So for me, the most important thing in making something stick is having an organic trend or organic content, and you think about, back in 2022, when #TikTok made me buy it was the biggest thing that had happened to social commerce, but it's a really good example of how there was a lot of the shopping behavior already happening.

Marcus Johnson:

Yeah.

Jasmine Enberg:

And I agree with Jeremy, you can't force a change in consumer behavior, but if anyone is going to make this happen, it's going to be TikTok because it already has that prowess within shopping through this organic kind of trends and content.

Jeremy Goldman:

That's right.

Marcus Johnson:

Yeah. I mean, that look like they're expecting huge growth this year, aiming to generate nearly \$18 billion in U.S. GMV this year. That's 10 times what it pulled in last year, gross merchandising value, as according to Bloomberg. And then final point here, this is a really good point made by Rachel Wolff, who writes for our retail briefing, saying, "Maybe it can become a product specific marketplace. The idea of that it doesn't have to sell everything."

Rachel was noting that, "Certain categories, most notably the beauty," she says, "Are performing strongly. The most popular item on TikTok Shop was GuruNanda Coconut and Mint Pulling Oil, selling over 100,000 units a week, and she was saying, "As of November, TikTok Shop was the U.S.'s 12th largest beauty and personal care e-commerce retailer," according to a study by Dash Hudson and NielsenIQ. So maybe it's really popular for some categories, less for others, but that's also fine. That's a fine way to, you have to sell everything. All right, folks, that's all we've got time for for the first half of the show.

Time for the second half of the show today in other news. The significance of Threads surpassing X in daily downloads and Snap, trying to distance itself from social media. Story one, Threads surpasses X, formerly Twitter, in daily downloads as it moles its identity, according to Appfigures, and TechCrunch writes, or Daniel Constantinovich, he thinks this marks a turning point in the conflict over which network could be the dominant text-based social media and news platform. Jeremy, do you agree? If yes or no, why?

Jeremy Goldman:

No. I mean, I think that there's a lot of signs that point to more engagement on Threads, which is something that we look very closely to, not just the total number of downloads, right, because, of course, you've got a lot of people who've downloaded X already. But that being said, there are a lot of people who have X already downloaded and just haven't opened the app in quite a while versus all of these new Threads users who they now have tripled the daily downloads of X on iOS, and about roughly doubled the number on Google Play. So I think that this is a portend of good things to come, especially when you think about Threads launching an API leave in June, and then you have a few other exciting things that they're working on

versus X doesn't necessarily have the money to invest in some of the things that could bring some users back to the platform.

Marcus Johnson:

Yeah, story two. Jasmine, you recently wrote that Snap is distancing itself from social media, but it still must compete for social ad dollars. Snapchat launched a new brand campaign featuring a Super Bowl ad using the slogan, "Less social media, more Snapchat." Jasmine, why is Snapchat trying to reposition itself now, and will we see the other social media players start to try and distance themselves from the category in a significant way?

Jasmine Enberg:

This isn't the first time that Snap has released this kind of messaging, but it is its most aggressive push yet. You mentioned the Super Bowl ad. It also ran an ad in the Grammys, and it's going to continue with ad placements in many different places going forward. And the reason it's pushing this so significantly right now, in my opinion, is because there's so much consumer and lawmaker momentum around youth safety, particularly on social platforms, and so it's a really good moment for Snapchat and the rest of social media to try to distance themselves from some of these problems. And Snapchat has a point, it is unique in the social space, but just because its primary focus or core use cases, messaging, doesn't necessarily make it safer and it certainly doesn't make it easier for it to be able to bring in ad dollars.

Marcus Johnson:

Yeah. That's all we've got time for, folks. Thank you so much to my guests. Thank you to Jasmine.

Jasmine Enberg:

Thank you.

Marcus Johnson:

Thank you to Jeremy.

Jeremy Goldman:

Great to be with you guys.

Marcus Johnson:

Thanks to Victoria who edits the show, the rest of the podcast crew, James Stuart and Sophie. Thanks to everyone for taking time to listen in today. We hope to see you tomorrow for the Behind the Numbers Daily, an eMarketer podcast, made possible by Nielsen.