

# Facebook's Q2 earnings could shed early light on the effects of iOS 14.5

Article

**The news:** Facebook reports its Q2 2021 earnings after market close today, offering a look at how the world's second-largest digital media company performed since Apple launched its iOS 14.5 [update](#) in April.

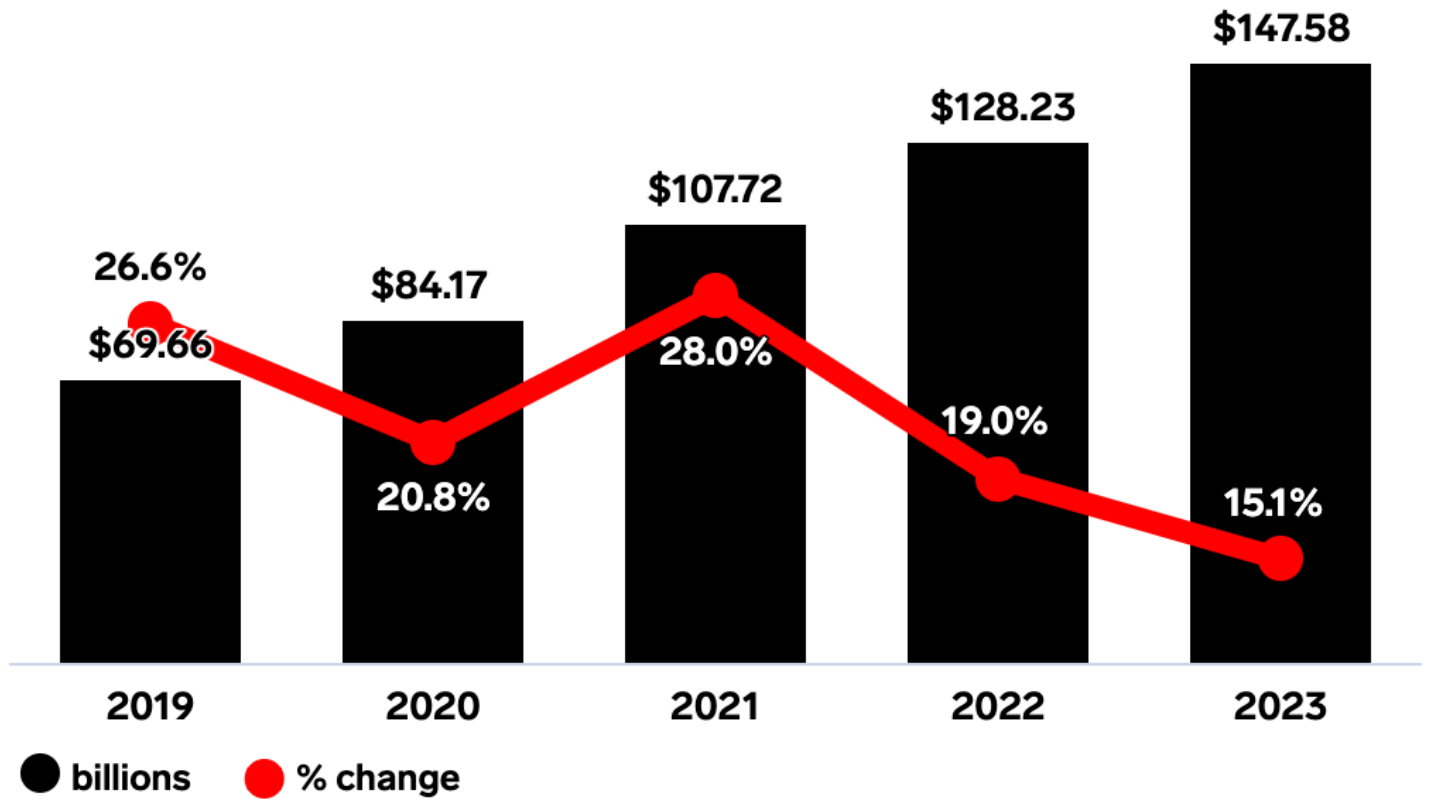
**Here are three things we're paying attention to:**

- 1. Whether Apple's iOS update affected ad revenues:** This earnings report will shed some light (but not a lot) on whether Facebook has been affected by Apple's changes, which ask mobile users to respond to in-app pop-ups requesting permission to track them. In April, during Facebook's Q1 2021 earnings conference call, Facebook CFO David Wehner said he thought the impact on the company would be "**manageable**," but also a "headwind" for the rest of 2021. Since the changes are still rolling out, Q3 2021 is the more likely timeframe when we'll know more about the impact. Meanwhile, it's likely that Facebook's business will be insulated by ongoing ad pricing strength as a result of high demand for advertising on Facebook and Instagram. Going forward, Facebook's investments in native commerce tools for businesses will also help protect its ad revenues.
- 2. Early results from Facebook's social commerce integrations:** The company launched a slew of commerce-related features in the quarter, including an **expansion** of Shops to WhatsApp, creator **shops** on Instagram, and live shopping **events**. These developments are part of Facebook's master plan to help users make purchases directly within its apps. Facebook is the top social commerce platform in the US, with **56.1 million** buyers in 2021, according to our **inaugural social commerce forecast**. Instagram is a distant second at **32.4 million**.
- 3. How creator monetization efforts are faring:** Q2 was also a big quarter for creator economy announcements. In addition to creator shops on Instagram, the company also added new tools to **streamline** branded content creation on IGTV, Instagram Live, Reels, and Stories and an **affiliate tool** for creators. Instagram is still highly popular among creators and marketers that use influencer marketing, but now that every major social platform is focused on wooing creators, Instagram's lock on the business isn't assured.

**The big picture:** Facebook (including Instagram) is on track to surpass **\$100 billion** in net worldwide ad revenues for the first time, with **\$107.72 billion** in 2021. That will give it **23.7%** of the worldwide digital ad market. Google is No. 1 with a **28.6%** share.

# Facebook Ad Revenues

Worldwide, 2019-2023



Source: eMarketer, March 2021

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