

With Threads and Quest, Meta aims for dominance in social media and metaverse

Article

The news: Threads is experiencing a resurgence as the mixed-reality sector heats up with Apple's launch of its Vision Pro headset, developments that signal both promise and

challenge for **Meta**.

Thread of comfort: Threads, after a period of stagnation, is back in the limelight, with **download figures tripling in December**, per Appfigures data. The app secured top spots in download charts across major app stores, attributed partly to Meta's targeted advertising and Threads' strategic integration into the “fediverse.”

- During the company's Q4 earnings call, Zuckerberg stated that Threads now has 130 million monthly users, up nearly 30% from Q3.
- This resurgence is juxtaposed against a backdrop of shifting user preferences, with **Instagram** itself overtaking **TikTok** in December downloads, while **X**, the former Twitter, grapples with rebranding challenges.

Meta moves: Amid a shift in social media dynamics, the metaverse is becoming a battleground for tech giants. Apple's release of the Vision Pro headset today marks a significant entry into the mixed-reality market, a move perceived by Meta as a validation of its metaverse pivot, notes The Wall Street Journal.

- Apple is spending heavily to create awareness for the headset category—but its own initial device is **seven times as expensive** as Meta's \$500 **Quest** headset, making Quest look like a budget-friendly alternative in the burgeoning market.
- Meta's own apps, including Facebook and Instagram won't support Vision Pro initially.
- This optimism persists even as Meta's **Reality Labs** division faces substantial financial losses, with the company reporting a **loss of \$4.64 billion** for Q4 2023, 8.7% more than the same period in 2022. The company appears unwavering in its commitment to dominate the metaverse, writing in its earnings release that it expects the unit's “operating losses to increase meaningfully year-over-year” in 2024.

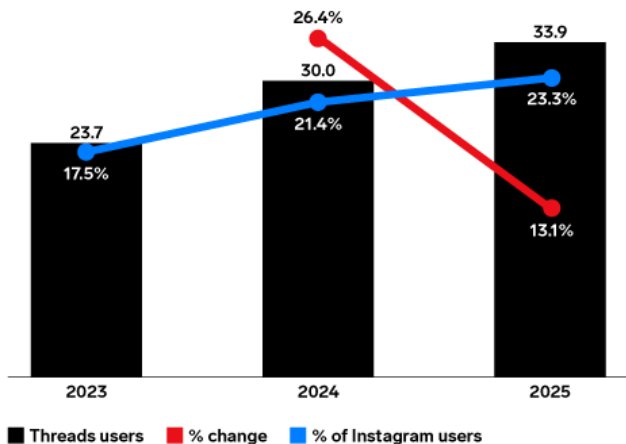
Our take: The concurrent developments in Threads and the metaverse represent a broader narrative of tech giants adapting and competing in an ever-changing digital ecosystem.

- Threads' comeback could signify a shift in the social media terrain, with platforms continuously innovating to retain user engagement amid fierce competition. Its growth may be bolstered by its gradual integration into the “fediverse,” potentially enhancing its appeal by connecting users with a vast, ActivityPub-linked network that includes many former Twitter users.

- On the mixed-reality front, Apple's entry with Vision Pro could catalyze the market, challenging Meta's early initiatives in the space.
- Meta's dual role in this unfolding story—reviving Threads to compete in the social media arena while also vying for leadership in the mixed-reality market—showcases the multifaceted strategies the company is employing to maintain relevance and drive innovation.

US Threads Users, 2023-2025

millions, % change, and % of Instagram users



Note: internet users of any age who access their Threads account via any device at least once per month

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