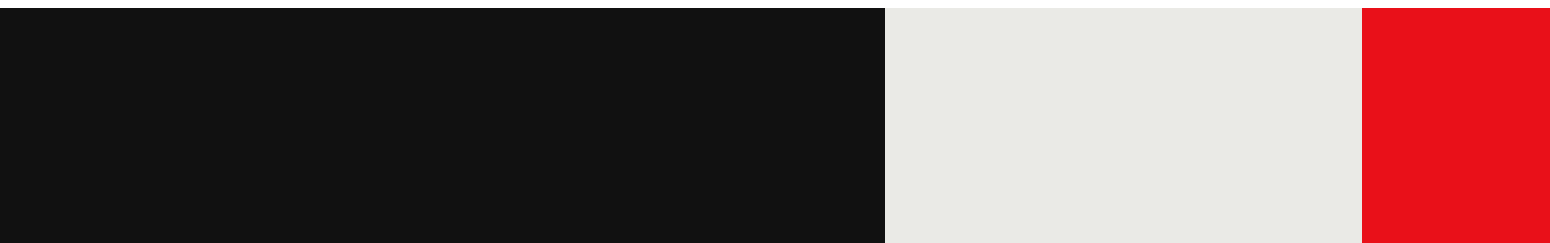



# Instagram, powered by Reels, ascends the paid social media throne

Article



In 2025, Instagram's US ad revenues will increase 15.9% YoY (up \$5.10 billion), to \$37.13 billion, per our forecast. Along the way, Instagram will surpass Facebook to become the largest social ad business in the US, a development that might have been hard to fathom when Facebook bought Instagram for \$1 billion 12 years ago.

Over the next two years, as it cruises past \$42 billion in US ad revenues, Instagram's US ad revenue growth will outpace social network ad spend growth overall. This growth will boost not only Instagram's share of social ad spending (from 35.5% to 37.5% between 2024 and 2026) but also its share of digital ad spending overall. By 2026, Instagram will represent 11.1% of all US digital ad spending.

## A Reels turnaround will drive growth

On some level, Instagram will achieve this milestone because Meta was able to diversify Instagram's advertising mix more quickly, and more effectively, than it did Facebook's. In 2025, less than half of Instagram's worldwide revenues will come from Feed ads, but a majority of Facebook's revenues will still come from Feed ads, our forecast shows.

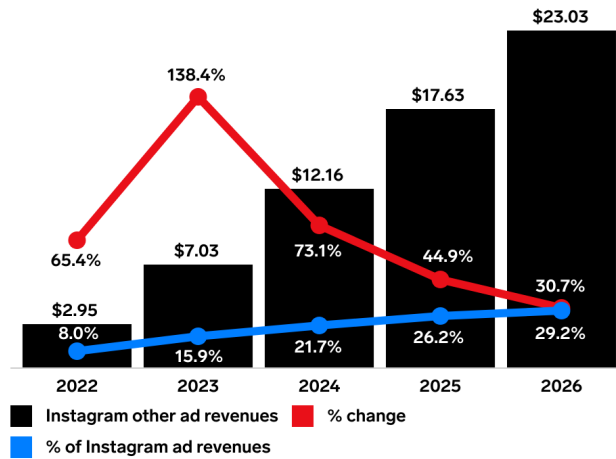
While Stories played a big role in this process, much of the recent credit goes to Reels. Meta's slow and steady approach to monetizing its short-form video format attracted a significant amount of scrutiny in its early phases.

A look at Reels's role in Instagram's business validates Meta's plan. In Q3 2024, Reels accounted for a record 19% of the impressions observed on Instagram, according to Tinuiti data. In the same period, Reels CPMs rose for a second consecutive quarter, and the gap between Reels and Feed CPMs on Instagram continues to narrow, again per Tinuiti data.

We estimate that in 2025, Instagram will derive more than one-quarter of its ad revenues from Reels and ad formats other than Feed or Stories.

**Instagram Will Earn Over 26% of Its Revenues From Reels and Other Niche Ad Formats in 2025**

billions in Instagram other ad revenues worldwide, % change, and % of Instagram ad revenues, 2022-2026



Note: paid advertising on Instagram formats other than the Feed or Stories (e.g., Instagram Explore, Instagram Reels) and from Threads; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes payments to influencers or other creators to produce sponsored content; includes branded content amplified as paid media  
 Source: EMARKETER Forecast, Nov 2024

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Read the full report, [Paid Social Forecast Report H2 2024](#).

Report by Max Willens Dec 20, 2024

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