

Meta primed for better end to 2023 on user growth, Reels momentum

Article

“[Meta] has become more profitable for sure, but it is a leaner, meaner, and hopefully more efficient company,” our analyst Debra Aho Williamson said on a recent episode of “[Behind the Numbers](#).” The company’s 21,000 jobs cuts certainly helped boost its margins. “I think that this sets Meta up for a much better second half of this year.”

Positive signs: Worldwide use is growing.

- Across all of its platforms, including Facebook, Instagram, WhatsApp, and more, Meta reported 3.88 billion monthly active users worldwide. “It’s really close to crossing [4 billion],” Williamson said, adding that Meta could even reach this milestone this year.
- Meta reported an 11% increase in worldwide ad revenues for Q2 2023, showing its rebound from the negative growth seen the previous year.
- The company is revealing more signs of its dominance in the digital advertising landscape, with Facebook’s average revenues per user rising 6.0% in 2023 and 10.6% in 2024, according to our forecast.

Reel revival: Three-quarters of Meta advertisers use Reels ads.

- The current revenue run rate for Meta’s Reels stands at \$10 billion, a significant increase from the \$3 billion last fall.
- The Reels figure is inching closer to its biggest short-video rival, with TikTok’s net ad revenues worldwide expected to be more than \$13 billion this year, per our April projections.
- But “[Facebook] is a much stronger competitor, and it’s been a long time coming,” Williamson said. “Meta’s been talking about Reels and trying to monetize Reels for some time now.”

New products: Advertisers are eager to adopt Meta’s automation tools, like Advantage+ Shopping Campaigns (ASC).

- Investments in ASC may be paying off. The company has spent more money upgrading its AI tech to address the impact of Apple’s privacy changes than it has on its plans for the metaverse, according to a senior Meta staffer.
- Meta will continue growing its suite of AI-powered products with the launch of Lattice and AI Sandbox.

Still strong: “Many people think that Facebook is old and tired and not relevant anymore,” Williamson said. “But it is still managing to eke out a small bit of growth every quarter.”

- Facebook reported a major milestone last quarter, exceeding 3 billion monthly active users. That’s more than a third of the global population.

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