

60% of TikTok users would jump to Reels following a ban

Article

The news: While the US Senate considers whether to vote on a recently passed House bill that could ban TikTok, the industry is preparing for the possibility of what would be a monumental change to the social media landscape.

- Buyers are circling the waters, China is signaling that it won't support divestiture, and data hints at just how much TikTok's competitors could benefit.

Competitor's edge: The most significant outcome of a TikTok ban would be an audience shift that would massively benefit Instagram and YouTube, which have competing short-form video platforms.

- We estimated last week that Meta could stand to gain 22% to 27% of TikTok's projected \$6.61 billion in US ad revenues, while YouTube stands to gain as much as \$1.54 billion.
- A survey from marketing company **MGH** found that nearly **60% of TikTok users said they would begin using Reels regularly if the app were banned**, showing there's an appetite for a popularly used short-form video service regardless of the platform providing it.
- YouTube Shorts lags behind, with 52% saying it would be their platform of choice. Appetite for X's upcoming video platform is low, with just 23% showing interest.

Weekly Usage of TikTok, YouTube, and Instagram by US Teens, 2022 & 2023

% of respondents

	2022	2023
TikTok	69%	68%
YouTube	69%	66%
Instagram Reels	19%	30%
YouTube Shorts	9%	15%

Note: ages 12-17

Source: Forrester Research, "Youth Survey, 2023," Nov 2, 2023

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The industry moves: A TikTok ban is far from guaranteed. The House bill also supports forcing **ByteDance** to sell the app, opening the possibility of it falling into the hands of a US buyer.

- When the possibility of a ban gained steam during the Trump administration, the US tech firm **Oracle** was a strong potential buyer and ended up working with TikTok on cloud technology and security. But now, with security efforts failing, reports say the relationship has become adversarial.
- That's led other companies and business figures to throw their hats in the ring. **Bobby Kotick**, the former CEO of **Activision Blizzard**, expressed interest in buying the app, as did former US Treasury Secretary **Steven Mnuchin** and TV personality **Kevin O'Leary**.

- The financial opportunity in acquiring TikTok is obvious, but the sharks may not be able to. **Chinese officials signaled on Friday that they would not support a forced sale**, leaving two possible outcomes for TikTok: an outright ban or business as usual.

Our take: If ByteDance is forced to remove TikTok from the US, it would result in billions in losses for the tech giant and further secure Meta and Google's place at the top of the US advertising and social media industries.

- But the blow might not be as bad as it seems. While TikTok is a crown jewel of the company, the majority of ByteDance's revenues come from the Chinese counterpart **Douyin**, which it could push into other markets to make up for the US loss.