

The Daily: Is Threads' arrival curtains for Twitter, Snap tempts creators, and proving social media's bad for teens

Audio

On today's episode, we discuss the impact Threads will have on Twitter usage, how much of a revenue boost this could be for Meta, and what advertisers should be thinking about with the arrival of this new app. "In Other News," we talk about Snap's efforts to tempt creators and whether it's possible to actually prove that social media is bad for teens. Tune in to the discussion with our analysts Jasmine Enberg and Debra Aho Williamson.

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Episode Transcript:

Marcus Johnson:

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Debra Aho Williamson:

Then that begs the question of what are these public conversations that people are having? And Meta [inaudible 00:00:39] needs to work to figure that out. I think leaning on creators is really smart, and ultimately how they decide to use the platform could determine the culture and the context of Threads.

Marcus Johnson:

Hey, gang, it's Monday, July 17th. Jasmine, Debbie, your listeners. Welcome to the Behind the Numbers Daily, and eMarketer podcast made possible by Verisk Marketing Solutions. I'm Marcus. Today I'm joined by two of our principal analysts, both covering social media for us, both on the left coast, one a little bit higher on the map than the other. The higher-up one, based out of Washington, and we call her Debra Aho Williamson.

Debra Aho Williamson:

Hey, Marcus.

Marcus Johnson:

Hello there. The other one is kind of in the middle on the left based out of California. It's Jasmine Enberg.

Jasmine Enberg:

Hey Marcus. Hey everyone.

Marcus Johnson:

Hello. Well, there are two social media analysts and they're hanging out with me today to talk about Threads, but before we get to that, today's fact, it was Victoria's birthday yesterday.

Victoria Grace:

Who told you?

Marcus Johnson:

Happy birthday to Victoria.

Debra Aho Williamson:

Happy birthday, Victoria.

Victoria Grace:

Thanks.

Marcus Johnson:

Yeah, happy birthday. V, what did you get up to yesterday for your birthday?

Victoria Grace:

I went and drank some delicious wine with my mom and my sister, and then I came home and had a lovely family dinner.

Marcus Johnson:

Perfect. There it is.

Debra Aho Williamson:

Sounds like a very nice birthday.

Marcus Johnson:

It does indeed.

Victoria Grace:

It was exactly what I needed.

Marcus Johnson:

Well, so V, I've got a birthday gift for you and it's not great actually. It's just a fact. It's just a fact of the day, but it's a fact based on New Jersey, so-

Victoria Grace:

Heck yeah.

Marcus Johnson:

Victoria is the show, she moonlights as the mayor of New Jersey. You won't find a bigger fan of the states in the world. And so this fact is about New Jersey and it's about drive-in movie theaters. They started in New Jersey. The first patented drive-in was opened June 6th, 1933 by Richard Hollingshead in Pennsauken. V, do you know where that is?

Victoria Grace:

Hold on, let me ask my mom. Mom, how do you pronounce? Is it Pennsuken? It's not Pennsuken.

Marcus Johnson:

Pennsauken?

Speaker 6:

Pennsauken.

Victoria Grace:

Pennsauken.

Marcus Johnson:

Pennsauken. Oh, mom knew, she knew immediately.

Victoria Grace:

Thanks mom.

Marcus Johnson:

Pennsauken, New Jersey, drivers paid 25 cents a car plus an additional 25 cents a person. Today, they're around 300 drive-in theaters left in the US, down from about 5,000 in their fifties heyday. V, is this something that's well known in New Jersey?

Victoria Grace:

I didn't know it.

Marcus Johnson:

The drive-in [inaudible 00:03:00].

Victoria Grace:

I've been dubbed the unofficial mayor of New Jersey by you, Marcus, but I didn't know.

Marcus Johnson:

The official. The official, unofficial nothing. The official mayor of New Jersey. Yes, indeed.

Victoria Grace:

Don't tell my bestie Phil. Governor Phil.

Marcus Johnson:

Yes. Well, happy birthday, Victoria. I hope you had a great day.

Victoria Grace:

Thank you.

Marcus Johnson:

Yes, indeed. Today's real topic, Threads is here. Is that curtains for Twitter?

So first, in the lead, we'll talk about Threads. So we did talk about it on Friday's show at the top of the weekly listen, but we've got our two social media experts here today, so we wanted to get their expertise on that. And then in other news, we've got two stories for you as usual. Of course, we'll talk about Snapchat, pushing to tempt creators and whether anyone can prove social media is bad for teenagers. So we start with the lead. We're talking Threads, so what is that? Well, Meta recently released a new companion app to Instagram called Threads, described by Sam as a clone of Twitter, and after just a week it reached over a hundred million users. That's a third the size of Twitter, about the fifth the size of Snapchat. It says after a week, the new Threads app is said to be for realtime public conversation, you must have an Instagram account to sign up to Threads, current Instagram users can log in with their existing usernames and follow the same accounts on the new app.

Jasmine, I'll start with you. What are some of your initial takeaways from the launch of Meta owned Threads?

Jasmine Enberg:

While Meta deserves a lot of credit for the stellar user acquisition strategy, the timing was spot on. It came just a couple of days after Musk had angered even the most loyal Twitter users by limiting the number of tweets they could see. It was a slow week. And on top of that, what you said, you have to have an Instagram account to sign up. So that means that Threads had a built-in audience, but it's usage, not downloads and accounts that really matter. And while I think that Threads has staying power, there's a lot of work that Meta needs to do to ensure that these early Threads users stick around, that it can continue growing the user base and really find its place within the social media landscape. It's not going to be enough to be a Twitter alternative, and it's also not going to be enough just to be an extension of Instagram.

Marcus Johnson:

Yeah, Debbie, Jasmine, spot on, it needs to continue to grow. A hundred million users in a week is real quick, the fastest uptake of any online service that we've seen faster than ChatGPT even, I think it took two months for it to get to a hundred million users. What are some of your initial reactions from the launch of Threads?

Debra Aho Williamson:

Yeah, I agree the usage story, the consistent usage story is the one that we're going to be paying the most attention to. So I agree a hundred percent, great strategy by Instagram to get to a hundred million probably plus at this point, but it's noisy and there's a lot going on. If you open up today, if you open up your Threads feed, which I did again this morning to see what was going on, there's a ton of stuff and it's not very well organized. The user experience I think needs a lot of work. It feels to me that Instagram might've rushed this out without some core features that people are looking for and how quickly Instagram launches those features and fixes some of the problems, I think is going to determine how long people are going to stay engaged with Threads after initially downloading it.

Jasmine Enberg:

Yeah, I think that's right. And I will say that Instagram boss, Adam Mosseri came out a couple of days ago, I believe, saying that they are working on shipping new features because there were a ton of complaints by users that Threads was lacking some basic functions, things like DMs, search, hashtag. So I expect they'll roll out a lot of those features pretty soon. I do think you are right, Debbie, in that it needs to work quickly to do this to make sure that people don't get frustrated and the novelty of the app wears off.

Marcus Johnson:

Yeah, yeah. This is just version 1.0. You wonder whether they were planning to have this rolled out later, but the timing was almost too perfect given everything that's going on with Twitter. And so they kind of rushed things a little bit in terms of getting out the door, said, "We'll work through the kinks as we go." Already saying, "That a feed for thread showing posting chronological order, currently being worked on after some user complaints." I wonder what this does for Instagram user growth because you need an Instagram account to get Threads. We're already expecting Instagram to add a hundred million new users worldwide this year, 6 million in the US. Twitter, in the meantime, is expected to lose 3 million US users according to us. Is this going to give Instagram a bit of a tailwind?

Debra Aho Williamson:

I'm not sure. I feel like, and I haven't seen data on this yet, I hope that we will soon. I feel like a lot of the current users of Threads are already Instagram users. They're not necessarily people who have decided, "Oh, I'm going to join Instagram so I can also have a Threads account." So I don't see it as necessarily be a bump for overall Instagram usage. So much as I see it being an alternative place for Instagram users and creators and celebrities and companies that deliver news to provide information that isn't maybe as easy to access on Instagram. The real time nature of Instagram, other than stories has never been great. So if they can do that with Threads, I think it's going to be a really interesting opportunity. But again, mostly for Instagram users.

Jasmine Enberg:

And I think that's right. I have heard anecdotally of several people who created an Instagram account just so they could sign up for Threads, and these are people who were really interested in using Instagram beforehand. I don't think that means that they're going to start using Instagram because they're using Threads. It may just be that they have the account. So they are able-

Marcus Johnson:

That's a good point.

Jasmine Enberg:

But Instagram really only needs to have one in four of its worldwide users by the end of this year using Threads every month in order for it to be as big as Twitter. So a hundred million is great. It's well on its way as long as these people stay around and engage. But just for some perspective on how they could potentially achieve this even without getting non Instagram users to sign up. Yeah.

Marcus Johnson:

Yeah, and that a hundred million, it's interesting because it's not just a hundred million people who the app doesn't know anything about. It's a hundred million people who have likely previously had an Instagram account, and so there's data about that individual already. So it's a much more attractive audience to advertisers than a hundred million people who the platform has no idea who they really are. And then also second to that, a hundred million people in a week when they haven't even launched in the EU, 500 million people live in the European Union, so that's a whole untapped market that they might get a huge tailwind from once they release this service there. Jasmine, this is likely an entirely too early question to ask, and so I ask it anyway of course, but how much of a revenue boost could this be for Meta if Threads does well?

Jasmine Enberg:

Well, there's one estimate, early estimate out there. It's from Evercore ISI, which is estimating that Threads could bring in about \$8 billion in annual revenue for Meta by 2025. I think it's really early days, and regardless of how much revenue it generates, it's still going to be very minimal and incremental for the amount of money that Meta makes off of its core services.

Marcus Johnson:

So it's been dubbed a Twitter clone by a lot of folks. A lot of the features look very similar indeed, and it is obviously competing with Twitter platforms like that. How is this going to affect Twitter usage?

Debra Aho Williamson:

Well, we saw some data from Ipsos. So Ipsos did a survey just at the beginning of this month on threads. And one thing that caught my eye, and this is a quote from their article about it, "Just over half of Americans with a Twitter account say they are likely to try or already have tried Threads." So that's a total of 58%. So it's a bit fuzzy in the way it's worded likely to try or

already have tried. It gives a pretty broad spectrum of intent, and what they didn't ask, have you already downloaded it? That said, if those 58% of Americans with a Twitter account do you decide to use Threads, I think that is a pretty damning thing for Twitter. But I think the question needs to be asked, and hopefully we'll see it asked in research in the coming weeks, are you actually using Threads? Were you a Twitter user and now you are not a Twitter user because you are using Threads? Things like that.

Jasmine Enberg:

I'd also like them to ask what people are using Threads for. Mosseri and team have been very clear that they want to steer clear of politics and news as much as possible. Of course, it's inevitable that that kind of content will show up onto the platform, but then it begs the question of what are these public conversations that people are having? And Meta still needs to work to figure that out. I think leaning on creators is really smart and ultimately how they decide to use the platform could determine the culture and the context of Threads. But I say this because I don't think Threads is going to be a Twitter killer, a Twitter replacement, but it is a huge threat to Twitter as it stands right now.

Marcus Johnson:

Well, so it's interesting because, so Jasmine, you're writing a piece on this, Threads versus Twitter, which folks can head to insiderintelligence.com and read the full report there, but in there you note that when Threads launched, Twitter traffic fell, according to SimilarWeb who tracks online activity and also Cloud infrastructure Company Cloud Fair. But it's hard to tell whether this is a direct correlation because who has the largest share of responsibility of the responsibility pie in terms of Twitter falling? Because worldwide visits to twitter.com fell over 7% year-on-year in March, and that was a third straight month of declines according to SimilarWeb as well. And so Twitter's been in bad shape for a while. It's hard to know or pass out exactly how much of an effect Threads has had in particular. Jasmine, you said you don't think this is going to be good night for Twitter, but how concerned should they be?

Jasmine Enberg:

They should absolutely be concerned. I mean, to your point, I think one of the reasons Twitter traffic may have gone down during that time again, has to do with timing, right? Threads has not been tested in a period of a lot of news when Twitter really shines. And if Threads isn't going to be a place for news, it's probable that Twitter will still be able to get some

engagement. And again, it's really early days. We don't know how this is going to develop and until we know what kind of app Threads it's going to be, it's anyone's guess on how big of a long-term threat it is to Twitter. And I also think Twitter is doing a pretty good job of making things really difficult for itself on its own.

Marcus Johnson:

Yes. Yeah, that's not wrong. Debbie, I was reading in The Economist nearly so 90% of Twitter users already use Instagram as according to DataReportal, and The Economist was saying they now have a near frictionless alternative to Twitter. It's a bit of an odd fight to me because the article is also pointing out Facebook has eight times as many users as Twitter and makes 23 times as much money as Twitter. And so Threads is going up against Twitter, but it does seem like quite a lopsided fight. But it also seems like even though it makes so much more money than Twitter, and even if it got Twitter's money, it wouldn't be a ton to Meta, to Facebook's bottom line.

There is money to be made here because The Economist article was noting Twitter has never made much money out of its users because it knows little about them. Between half and two thirds of those who retweets are not logged on, half to two thirds of people who retweets are not logged in. That's an estimate from Simon Kemp of DataReportal who say, "Many registered users are lurkers who view others' feeds but seldom engage." Do you think that's true? Do you think that there's a lot of untapped dollars that Twitter hasn't been able to capitalize on just because it doesn't know as much about its users as perhaps other platforms do?

Debra Aho Williamson:

I think a hundred percent Meta will when they launch advertising on Threads lean into the vast trove of information they have about their Instagram users and Facebook users and the threads users, quite frankly, as they're watching their usage and use that information to sell advertising. As far as Twitter, yes, to be Twittered for a variety of reasons, even before Elon Musk came on the scene had never built a strong advertising business, they kind of missed the boat on performance-based advertising over the years and tried to catch up. Video advertising, same thing, really never was a very strong fit with Twitter.

So there are a lot of things that I think Meta has done better over the years that it will be able to capitalize on. I think the interesting thing for me though is that this is a text-based app, and

Meta has spent so much time over the past couple of years focusing on video and video advertising and to a strong effect. Well over half of Meta's revenues come from video advertising right now. So convincing advertisers to build different types of advertising. I don't know what type of advertising we're going to see on Threads ultimately, but is it going to be video? Is it not going to be video? Are there going to be text posts, sponsored content, that may be less appealing to advertisers that just want to go all in on video?

Marcus Johnson:

Yeah, yeah, it's true. So apparently, yeah, no ads for the first year is a requirement of the BBC noting that. But Jasmine, what if anything, should advertisers be thinking about at this stage?

Jasmine Enberg:

So there's no advertising yet, as you said, but Meta has already said that they will be launching branded content tools from Instagram onto Threads, which allows advertisers, brands, creators, to start experimenting with different types of paid promotion on the app. So if there are early movers who want to start thinking about a Thread strategy, that's one good way to start getting started. But I think overall, it's been just over a week since Threads launched. It's too soon to really formulate a full Thread strategy, and I think it's good for advertisers, brands, to wait and see how usage develops on the platform before moving full force ahead.

Marcus Johnson:

Early days indeed, we shall see. That's all we've got time for the lead time, of course, for the halftime report. Jasmine, I'll start with you. What's most worth repeating from the first half?

Jasmine Enberg:

The thing that I'm focusing on right now is how Threads finds its place in the social media landscape. So as I said before, it can't just be a Twitter alternative and it also can't be an extension of Instagram, and I will be following closely to see how it forms its place within public conversations.

Marcus Johnson:

Debbie, how about you?

Debra Aho Williamson:

Yeah, I want to see how Meta forms these Threads into a fully developed coat, which is very powerful and can be very powerful. Right now, lots of interesting threads. Let's see what they do with it.

Jasmine Enberg:

I'm still here for the puns.

Marcus Johnson:

That was perfect. Yeah, if this was the game of the week, you'd have won immediately. That was brilliant. You can look out for Jasmine's research on Twitter versus threads on insiderintelligence.com. That's all we've got time for the first half of the show. Time for the second. Today in other news, Snaps push to tempt creators and can you prove social media is bad for teenagers? Story one Snaps push to tempt creators seems to be working, suggests Lindsey Choo and Megan Borowski of the Wall Street Journal. They explain that Snapchat, which previously lost creators after cutting a big payout program, started testing a new program in 2022 that let folks earn a portion of revenue from the ads shown between their posts. But, Jasmine, your takeaway from Snapchat's push to tempt creators is what and why?

Jasmine Enberg:

It's about time. There's been a huge untapped opportunity for Snap with creators. Clearly it's resonating. I think a lot of the creators that are making a lot of money on Snap's ad revenue sharing program are big creators, and I'd like to see how well that translates to creators with smaller followings. And for Snap to really supercharge its creator strategy, I think that it needs to bring on stronger influencer marketing branded content tools because the primary way that most creators and influencers still monetize is through brand partnerships.

Marcus Johnson:

Quick look at Snapchat, revenue grew 12% last year. The slowest rate since the company went public, it was down in Q1 for the first time in its history, dragged down primarily by North America. That said, worldwide daily active users continue to grow at a decent clip as they looked across the 400 million milestone daily active user worldwide milestone this year.

Story two, can you prove social media is bad for teens? "Well, everyone says social media is bad for teens, including the US surgeon general, but proving it is another thing," writes Claire Cain Miller of the New York Times. She explains, "The research has not yet shown which sites,

apps or features of social media have which effects on mental health." Sophia Choukas-Bradley, psychologist and director of the Teen and Young Adult Lab at the University of Pittsburgh says, "We don't have enough evidence to tell parents to get rid of a particular app or cut it off after a particular number of hours." A Times article was saying that, "Whilst many studies have found a correlation between time spent on social media and mental health symptoms, proving causation is tricky." But Debbie, the most interesting sentence in this article on trying to prove or whether folks can prove social media is bad for teenagers is what and why?

Debra Aho Williamson:

Yeah. So the sentence I chose was overall research finds that social media is not inherently beneficial or harmful, and its effects depend on individuals and what they see. The reason I picked-

Marcus Johnson:

Exactly the sentence I wrote down.

Debra Aho Williamson:

Yay, we won.

Marcus Johnson:

You did win.

Debra Aho Williamson:

No, but seriously, this I think points both to the challenges that the article discusses in determining what apps and what activities on social media are most detrimental to teens' mental health. But it also, I think, points to the fact that there are many great things about social media, many positive things about social media that for teens and for anybody who's using it, yes, there are certain things that are harmful.

I do agree that many of the studies about cyber bullying and body shaming and other things that happen on social media, exclusionary behavior, those are all terrible, terrible things. But there's lots of positive benefits that teens and adults can get from using social media. So I think we're going to continue to debate this. The last thing I'll say is social media is... You can't make a blanket statement that say TV is harmful, or that watching movies is harmful. So I don't

know if we're ever going to get to the point of having a firm viewpoint on the harm or benefit of social media, but knowing that it can cause both, I think, or affect both, I think is what we need to take away.

Marcus Johnson:

Yeah. One reason you can't say that about something like TV or radio or social media is one of the points I'm making in this piece. One problem with studying the field is there isn't a single widely accepted definition of social media. Ms. Cain Miller points out that YouTube, which isn't included in most studies, is the most popular platform among teenagers according to Pew Research. And also, yeah, there's tons of variables that quote again that you mentioned. "Overall research finds that social media is not inherently beneficial or harmful, and its effects depend on individuals and what they see," the article was saying. Experts said they would like to see some research that examines specific types of social media content. That's all we've got time for this episode. Thank you so much to my guests. Thank you to Debbie.

Debra Aho Williamson:

Thank you, Marcus.

Marcus Johnson:

Of course. Thank you, Jasmine.

Jasmine Enberg:

Thank you. Marcus.

Marcus Johnson:

Happiest of birthdays to Victoria, who edits the show and is also the mayor of New Jersey. James, who copy edits it, and Stuart, who runs the team, the show that is, doesn't copy it, [inaudible 00:23:16] New Jersey. I said it weird. And thanks to everyone for listening in. See you tomorrow hopefully for the Beyond the Numbers Daily, an eMarketer podcast made possible by Verisk Marketing Solutions.