

# Key tech takeaways from the Era of Uncertainty report

Article

Insider Intelligence's [Era of Uncertainty](#) report dissects the effects of 2022's various issues, including fallout for Big Tech companies, broken supply chains, war, and inflation. We look at the ramifications for the technology sector.

**A challenging business climate:** Big Tech took a beating when stock prices for giants Amazon, Meta, and Netflix fell after a round of disappointing earnings. There are challenges

ahead—and opportunities. Here's a rundown of what we can expect.

### **It's back to basics at Meta.**

- The parent of **Facebook** and **Instagram** is focusing on its core products and toning down investments in the metaverse. This should result in a near-term benefit for advertising revenues.
- Meta's stock price has **declined by 40%** since the start of 2022, and employees say that Facebook's business is plateauing and that it could be **the next Yahoo**.

### **TikTok will gain in both ad revenues and usage.**

- **TikTok's** global ad revenues (\$11.64 billion this year) will be **bigger** than **Snap's** and **Twitter's** combined.
- The app is now the third-largest social network in the US (and worldwide), with 94.1 million US monthly users in 2022 and 813.7 million worldwide.
- We expect US adult TikTok users to spend close to 46 minutes on the platform per day this year, on par with **YouTube** and well ahead of Facebook, Instagram, Snapchat, and Twitter.

### **The metaverse development timeline will get longer.**

- Meta is pulling back on metaverse expenditures and virtual goods fan-favorite **Roblox** is facing waning usage and revenues after a pandemic spike.
- We expect the race to build virtual environments for business and commerce to look more like a marathon than a sprint, but there's an opportunity to take the lead as Meta idles.

### **Netflix will explore new business opportunities beyond streaming subscriptions.**

- The company will continue to build a video game business through development and acquisitions.
- It has tried syndicating shows and theatrical releases for some of its content, and it will explore alternative revenue streams as a way to supplement subscription revenues.
- Netflix is also mulling an ad-supported model to make up for subscriber loss.

**Wrap-up:** While there are challenges ahead, Big Tech companies are finding ways to weather the era of uncertainty. Many are encouraging employees to come back to offices, and **Apple**,

**Amazon, Google, and Microsoft** have all resolved to increase worker's salaries to retain talent.

- Despite the economic downturn, a consolidation trend continues in various technology segments: Microsoft's **\$68.7 billion takeover** of **Activision Blizzard** is its largest acquisition to date. **Broadcom's** \$61 billion acquisition of **VMware** points to expansion into emerging cloud and IoT segments.
- Similarly, **Sony's purchase** of gaming studio **Bungie** for a more modest \$3.6 billion indicates a continuing trend in gaming IP acquisition.
- And let's not forget **Elon Musk's** contentious Twitter acquisition for \$43 billion, which remains in limbo.

# Uncertainty Reigns in 2022



## Big Tech Fallout

**3.2%**

Growth in Facebook's US ad revenues, down from 18.3% in 2021

**19.0%**

US cryptocurrency owner growth rate from 2021 to 2022, down from 85.4% last year

**45%<sup>1</sup>**

US Netflix users who say they're "very likely" to cancel if charged for account sharing



## Supply Chain Disruption

**55%<sup>2</sup>**

US import value from China in 2021 compared with 66% in 2018

**41.1%<sup>3</sup>**

Consumers who switched to a private label brand because the national brand was not available



## War in Ukraine

**-49.7%**

Decrease in total media ad spending in Russia from 2021 to 2022

**-22.8%**

Decrease in total media ad spending in all of Central and Eastern Europe from 2021 to 2022

Source: Insider Intelligence forecasts, March 2022; <sup>1</sup>CivicScience, March 2022; <sup>2</sup>Kearney, "China Diversification Index," April 2022; <sup>3</sup>Insider Intelligence "Private Label Flash Survey" conducted by Bizrate Insights, March 2022.

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