

Quarterly Earnings Recap

Q4
2023



Overview

Each quarter, all publicly traded companies in the US are required to give an update on the status of their business to their shareholders and to the public. The social platforms' quarterly earnings are particularly important for those in the social space as they show the growth of the platform, introduce new usage numbers, and pinpoint successes (and misses) that the platform experienced in the previous quarter.

We're passing along some highlights from these earnings calls to understand areas of growth as well as challenges that our clients may be up against.

Like our clients who are reliant on social platforms' ability to run ads and retain audiences, as an agency, we are also dependent on the success of social platforms. Earnings calls show us where social platforms are succeeding, what they are investing in, and give us a window into what our clients will be asking for before they know they want it.



Updates

What you need
to know about Q4

Meta reported a strong Q4 with \$40.1 billion in revenue, a 25% YoY increase, and a 41% operating margin. This was cause for celebration especially as the 20th anniversary nears. CEO Mark Zuckerberg highlighted the success of their long-term strategy, focusing on open-source software, AI, and the metaverse. Revenue growth was driven by strong performance in the Reality Labs segment and robust ad revenue across the Family of Apps segment.

Threats/Notes - Minimal

Platform Competition: Rivals like TikTok are gaining ground but daily average users remains strong.

Lawsuits: Zuckerberg appeared before a senate committee on child safety as lawmakers signal they're moving towards legislation against Meta and other social media companies.

Usage Data & Valuation, as of December 2023

- **Meta Channels Family DAP** was 3.19 billion on average, +8% YoY
- **Family MAP** was 3.98 billion, +6% YoY
- **Facebook DAUs** were 2.11 billion, +6% YoY
- **Facebook MAUs** were 3.07 billion, + 3% YoY.
- **Total revenue** was \$40.11 billion, an increase of 25% and 16% year-over-year for the fourth quarter and full year 2023, respectively.

Meta Trends

What you need
to know about Q4

Threads



With 130 million monthly active users, Threads has shown sustained growth despite critics initial skepticism. The app continues to be a priority for Meta to compete with X and recent experiments to expand use include a new save feature.

Reels



Zuckerberg noted in the Q4 call that “people reshare Reels 3.5 billion times every day.” The asset type continues to be a major growth driver for the platform and has driven a 40% increase in time spent on Instagram since its’ launch.

TSE

How we implement and outlook

While performance metrics on Threads proactive engagements are limited, it’s definitely a safe space for other brands to interact with each other and enter similar conversations. Being first to enact a brand engagement strategy on the platform might also offer up a unique brand advantage.

Reels have shown to be the more dynamic content type on Instagram. TSE focuses proactive efforts on the platform towards reels versus static posts because similarly, the data shows that this type of content yields significantly more responses and additional engagement.



Pinterest Updates

What you need to know about Q4

While revenue was up 12% YoY, Q4 was still a miss against expected forecasts and overall results sat closer to Snapchat. Monthly active users did rise beating analyst estimates but global average revenue per user was slightly below estimates. Generating advertising revenue continues to be a challenge for the single image sharing platform with, “with 80% of its users [coming from] outside the U.S., though they only account for 20% of its revenue.”

Threats/Notes - Moderate

Advertising Demand: Advertisers tend to gravitate towards platforms like Meta and Alphabet due to their extensive reach and impact, leaving smaller players such as Snap and Pinterest to compete for remaining advertising dollars.

Usage Data & Valuation, as of December 2023

- Global MAUs increased +11% YoY to 498 million
- Q4 revenue grew +13% YoY to \$981 million
- Adjusted Q4 EBITDA was \$365 million
- Total costs and expenses were \$785 million



Pinterest Trends & Updates

What you need to know about Q4



Google Ads Partnership

The company revealed its [upcoming partnership with Google](#). Although Pinterest management noted that third-party partnerships, like Amazon, had not significantly impacted Q4 figures, they expressed optimism, stating that such collaborations are now beginning to make a more substantial contribution to growth.



GenZ Users

This demographic continues to be the most engaged and fastest-growing user base on the platform. More than [40% of its user base](#) are GenZ, with the cohort also being the most engaged – they save ideas more than 2.5x than other generations. The company will be partnering with Coachella for [an in person activation](#) to further capitalize on this trend.



Snapchat Updates

What you need to know about Q4

Snapchat experienced a rough Q4 with performance falling short in expectations in several areas and reporting a net loss of \$248 million. This makes it the 6 report of the last eight where the company has missed revenue estimates. Despite an optimistic outlook from its' CEO, Snap also announced that it'd be reducing its' workforce by 10% or 500 job cuts indicating an effort to install cost-saving measures. Daily active users is up 10% YoY however.

Threats/Notes - High

Investment Plan: Investors' patience is growing thin with each quarterly report and the company is aware they need to turn things around quickly. They also lag behind competitors when it comes to their advertising offerings and landscape.

Usage Data & Valuation, as of December 2023

- Q4 2023 revenue was \$1.361 million, a +5% increase YoY.
- DAUs reached 414 million in Q3, an increase of +10% YoY.
- Total time spent watching Spotlight content grew 175% YoY.
- Snapchat+ reached over 7 million paying subscribers in Q3.



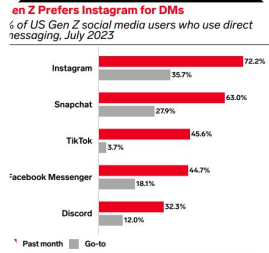
Snapchat Trends & Updates

What you need to know about Q4



Spotify Partnership

Spotify has teamed up with Snapchat to introduce "Share Track Lens," a feature allowing users to share songs alongside images captured on Snapchat. The feature expands storytelling opportunities on Snapchat and also taps into the growing trend of friends [sharing music with each other on the platform.](#)



GenZ Users & Messaging Habits

The growing adoption of Snapchat among the Gen Z (13-24 years) population is [expected to have driven Daily Active Users \(DAUs\)](#), expanding the company's advertiser base. The cohort tends to use it for messaging purposes with the platform being the [No. 2 most popular place for DM's](#) after Instagram. This appears to be a growing trend of how GenZ uses social with DM's a primary use, and as a way to get closer to someone.



Snapchat+ and AI

Snapchat unveiled AI-powered features for its [Snapchat+ subscribers, which is now up to 7 million users](#) and generated an annualized revenue run rate of \$249 million by the end of 2023. New features include an AI image generator and Dream selfie feature for collaborative use with friends, along with an extend tool for adjusting images, enhancing creative possibilities for subscribers.



YouTube Updates

What you need to know about Q4

YouTube's advertising revenue rebounded strongly in Q4 2023, surging by 15.5% to \$9.20 billion, in line with Wall Street expectations and marking a significant improvement from the previous year's decline. Alphabet surpassed Wall Street predictions with a Q4 revenue of \$86.31 billion and earnings per share of \$1.64, with YouTube's performance attributed to AI investments. This resurgence signals YouTube's return to growth after a quieter year in 2022.

Threats/Notes - Minimal

YouTube's robust Q4 revenue underscores its resilience and suggests a minimal threat overall, despite challenges and some skepticism in monetizing YouTube Shorts. The platform's innovative AI tools and growth in Connected TV (CTV) demonstrate promising avenues for revenue expansion, indicating a secure position in the digital market. However, Alphabet did deliver below analysts' expectations, a result of disappointing Google ad revenue.

Usage Data & Valuation, as of December 2023

- Q4 revenues were \$86 billion +13% YoY
- YouTube advertising revenues were \$8.2 billion
- 100 Million YouTube Music Subscribers



YouTube Trends & Updates

What you need to know about Q4



YouTube Shorts

In a continued effort to compete with other social platforms, Shorts continues to be a priority where it's [averaging 70 billion daily views](#). Taking cues from TikTok, they're introducing layout options for split-screen Shorts and enabling vertical live stream broadcasts within the feed. Viewers can now preview live broadcasts in progress, while creators can engage in live streaming using vertical format. YouTube aims to emulate [TikTok's approach to discovery](#) and hopes for a similar response from users.



NFL Sunday Ticket

The NFL Sunday Ticket option on YouTube continues to attract both new viewers and advertisers. The [1 year old acquisition](#) underscores the increasing shift of live sports from traditional TV to streaming platforms, with YouTube positioned as a key player in this transition. It also marks a significant milestone for YouTube signaling the increasing importance of online streaming for sports content consumption.



YouTube and AI

YouTube's CEO Sundar Pichai highlighted the platform's performance, anticipating further success with the integration of [AI advancements](#) in the upcoming Gemini era. AI investments are driving increased spending on YouTube, with tools like Performance Max and Demand Gen optimizing ad campaigns across various channels, resulting in higher conversion rates and improved opportunities for businesses of all sizes.