VENTURE INSIGHTS

# REPORT: Social media decline will open new opportunities for digital audio and TV

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# Abstract

The *Financial Times* recently reported survey data across developed nations showing a **significant decline in time spent on social media since 2022** (with the exception of the United States). This is consistent with our own observations over the last year - that the value of social media participation has peaked.

If sustained, this will have big implications for the digital advertising landscape. Digital Search, Display, and Classifieds now collectively account for two-thirds of Australia advertising spending (dominated by global media platforms), but declining usage ultimately means lower ad revenues. **We expect this to flow through into higher relative growth for radio industry and television industry digital offers**, which have now achieved critical scale and are poised to grow fast.

# Social media now in decline

John Burn-Murdoch, the *Financial Times* data Reporter, published a recent article (re-published in the Australian Financial Review) summarising the results of a major survey on social media usage in the developed world. A quarter of a million adults were surveyed in 50 countries by the digital audience insights company GWI.

The headline result is that **average time spent on social media was two hours and 20 minutes per day, and has declined by 10% since 2022**. The decline was heaviest amongst the 16 to 25-year-old demographic.

Admittedly, 2022 was the peak of social media usage after the lockdown period. But the size of the decline is accompanied by important changes of habit. Use of social platforms to stay in touch with friends, express themselves or meet new people has fallen by more than a quarter since 2014. In contrast, passive browsing is up. **Social media is becoming less social, and it is becoming less engaging**.

The United States is the main exception to the trend. We hypothesise that this is because social media is more deeply implicated in US politics, and that social media and political polarisation are mutually reinforcing. Luckily, Australia has not seen this phenomenon to the same extent.

Other research is broadly consistent with the *Financial Times* data. According to Datareportal, social media participation in Australia rose by only 0.5% over 2024, after falling 3.5% in 2023, also suggesting that social media engagement has peaked.

Burn-Murdoch also notes that **Meta and OpenAI have recently announced new platforms specifically for AI-generated short-form videos**. TikTok and X are already carrying a lot of this kind of content, often nonsense designed to trigger the dopamine rush that attracts eyeballs. Whether these new platforms are a smart move, or a case of diminishing returns remains to be seen.

Behind all this, we are seeing a bifurcation amongst social media users, between an increasingly sceptical and jaded group who are withdrawing, and a rump of thrill-chasers who are still hooked on dopamine. We think the first group will grow, and the latter will decline.

## The role of AI in social media decline

In addition, we think AI is playing a role in social media decline in two major ways.

First, **the proliferation of "AI slop" in writing, audio, and video is a threat to social media**, and a driver of disengagement. And as the visual quality of AI-generated content rises, making it harder to distinguish from the real, it devalues all content on the platform. This particularly undermines social media as a source of news.

Second, **subscription AI will displace a lot of social media engagement**. AI apps become more attractive as social media becomes more about scrolling and less about human interaction. We have already remarked on the personability of AI apps, which gives them an advantage over increasingly anonymous social media (see our report "Consumerisation brings regulation risk for the AI industry"). This will have an impact in digital search and display, and also on digital publishing.

## Impact on digital platform advertising

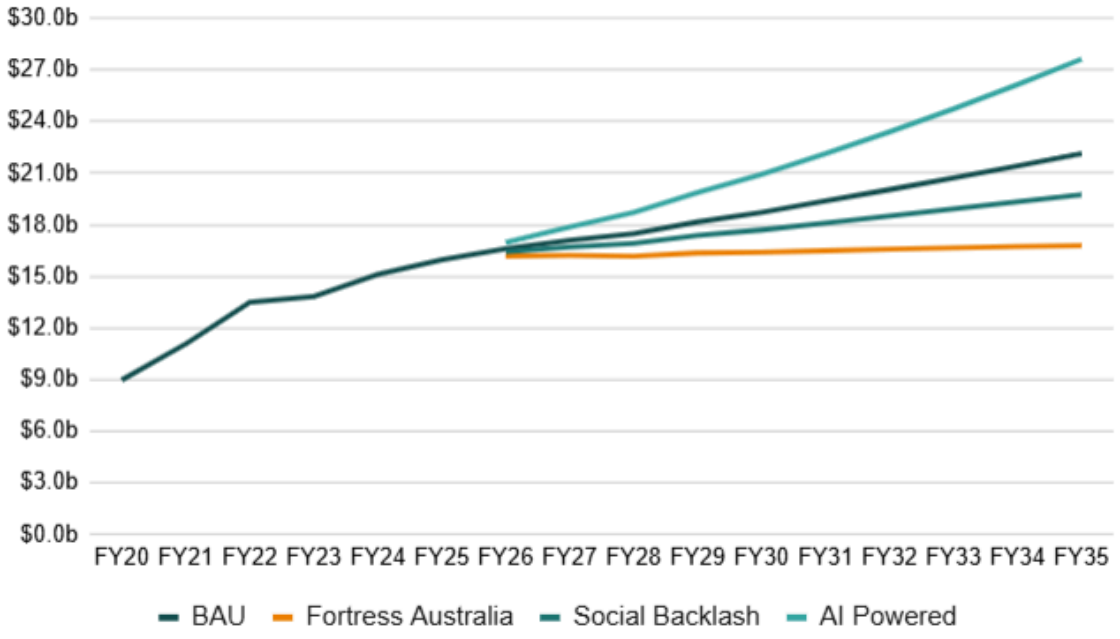
Earlier this year, we developed several scenarios for the future of global digital platforms in Australia:

- **AI powered future:** Artificial intelligence is no longer just an efficiency tool; it is a market-shaping force. The rapid acceleration of generative AI is creating media content, personalising advertising, and disrupting traditional revenue models at an unprecedented scale.
- **Fortress Australia** While the US pushes for unrestricted AI development, Australia and other nations are taking a different approach. Europe has already implemented sweeping digital regulations, and Canada, India, and Australia are tightening controls on global platforms that have drained local advertising dollars..
- **Social backlash:** Consumer trust is at an all-time low, with misinformation, privacy breaches, and addictive design fuelling a backlash. As audiences turn away from social platforms, advertisers will follow, leading to a reallocation of ad spend.

In addition to Business As Usual, this amounts to four possible scenarios. In reality, features of all of these may emerge and conflict over time.

Modelling the impact on digital advertising expenditure, we see a wide range of possible outcomes over the next decade.

### Digital advertising revenue scenarios




Source: Venture Insights

Our view is that digital media growth will flatten and then decline as search is cannibalised by AI, and fewer eyeballs on social media brings down social's display advertising revenues.

## Why this is important - an opportunity for local media

In Australia specifically, the media growth trends of the last decade are increasingly exhausted:

- **FTA TV halts decline:** Australian FTA Total TV viewing rose by 1.2% in calendar 2024, reversing a long term trend of annual declines due to the impact of SVOD viewing growth (VOZ 2024).
- **Digital radio boom:** Radio industry apps like LiSTNR have now achieved profitable scale and continue to attract a growing audience.
- **SVOD flattening:** In contrast to FTA TV, SVOD viewing in Australia appears to have fallen in 2024 (Deloitte, 2024).
- **Digital advertising effectiveness concerns:** The American Association of National Advertisers has estimated that less than half of digital ad spending actually reaches consumers, despite some recent improvements (ANA 2024).

Coupled with declining social media engagement, this is opening up new opportunities for local media, specifically the radio, TV and print publishers, to regroup and begin pressing

their advantages. These include the production of **real content**, increasingly in digital format, which is generating **significant new ad inventory** amongst Australian audiences.

The challenge currently is to **convince ad buyers that the growth shift requires new strategies to reach consumers**. But there is now plenty of scope for an evidence-driven push to buyers that the advertising landscape is shifting rapidly, and that **the platform-focussed digital strategies of the last decade need a rethink**.

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