



# TIKTOK 2020: THE ULTIMATE GUIDE FOR MARKETERS



# TABLE OF CONTENTS

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<b>INTRODUCTION</b>	<b>3</b>
<b>BACKGROUND AND OVERVIEW</b>	<b>3</b>
<b>THE APP OVERVIEW</b>	<b>3</b>
<b>TIKTOK'S RISE TO FAME EXPLAINED</b>	<b>4</b>
<b>ADVERTISING ON TIKTOK</b>	<b>5</b>
<b>HOW-TO: ADVERTISING FORMATS ON TIKTOK</b>	<b>6</b>
1. BRANDED HASHTAG CHALLENGES	6-7
2. IN-FEED VIDEO	7
3. BRAND TAKEOVER	8
4. BRANDED LENS	9
5. TOP VIEW	9
<b>SAFETY REGULATIONS</b>	<b>10</b>
<b>TIKTOK OBSTACLES</b>	<b>10-11</b>
<b>TOP 15 TIKTOK CREATORS</b>	<b>12-13-14</b>
<b>TOP 10 VIRAL CONTENT</b>	<b>15-16</b>
<b>FUTURE DIRECTION</b>	<b>17</b>

# INTRODUCTION

It's 2020 and if you haven't heard of TikTok, you may want to brush up on social channels. The app is largely dominated by millennials and Gen Z with 69% of users being between the ages of 16-24. Plain and simple, TikTok is entertaining, allows users to stretch their creative imaginations, and is home to a ton of viral content. We want marketers to better understand the ins and outs of the platform and to help, we've put together this report that will help provide you a detailed understanding of TikTok.

## Background and Overview

TikTok is a social platform which allows users to create and share short-form videos. TikTok was born from the merger of Musical.ly and TikTok and is owned by ByteDance, a Chinese tech company that specializes in using AI technology in consumer apps and boasts of 1 billion active users. TikTok has now amassed 500 million active users worldwide. TikTok allows users to create and share 15-second videos set to the soundtrack of published music or original sound. TikTok users will typically create lip sync, dance, comedy, or prank videos. The two most popular formats of TikTok content comes from Duets and Challenges. A duet is a split screen featuring two videos that can be viewed simultaneously and use the same soundtrack. Challenges encourage users to re-create and share a video based on a particular theme or piece of music and then share it using the challenge hashtag.

**TikTok has been downloaded  
1.5 billion times**

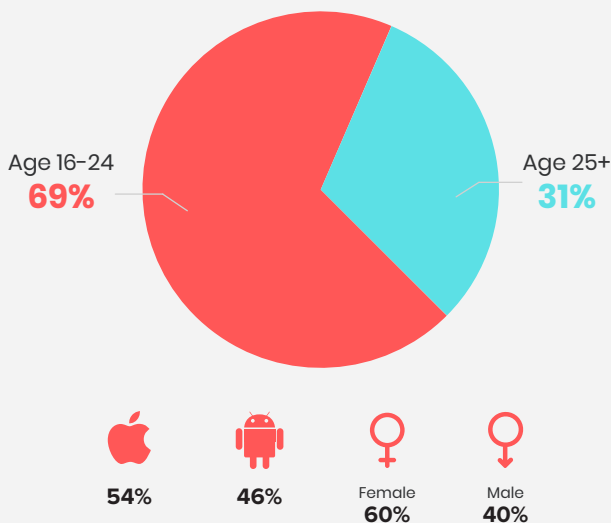
Source: SensorTower, 2020

## The App Overview

Let's walk through the app together. TikTok's home view suggests content "for you" and shows a feed of TikTok videos from popular creators. Within the app, video content can be created standalone or with applied effects (grouped as trending, new, interactive, and more - within the camera view). Users can use speed graphics to slow or hyperlapse videos, add "beauty mode", and choose filters for optimal visuals. Timer and flash can also enhance content creation. If content is pre-recorded, users have the option to upload, edit, and add music before publishing. Under the discover tab, users can check out the trending subjects and hashtags of the day. In-app messaging is also available through the inbox feature.



**Generation Z Focused**



Source: AdAge, October 2019

# TIKTOK'S RISE TO FAME EXPLAINED

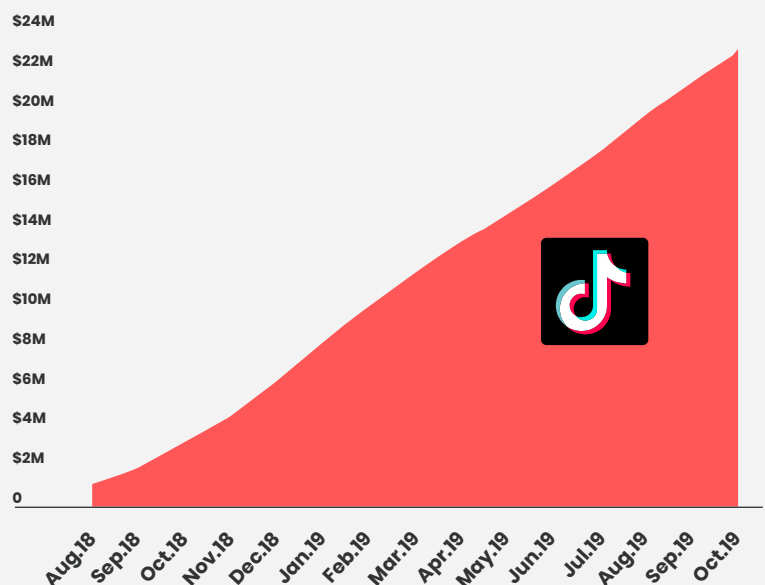
TikTok, the most downloaded iOS app on the Apple App Store for Q3-Q4 in 2019, is seeing slow and steady growth. To explain how TikTok became one of the most popular social apps, it's necessary to look back at the role technology plays amongst younger generations. The emergence of smartphones, including thousands of apps and YouTube channels meant specifically to entertain children have influenced a whole new generation. Gen Z and younger are more inundated with influencers and Youtubers from a younger age than any generation in the past. Because of this, it's no surprise that 86% of young Americans showed interest in becoming social media influencers. And TikTok is the perfect place to become one.

## The secret to TikTok?

Keep production authentic and easy

The app is based on the idea of virality - because just one viral video can lead to internet fame. The hallmark of TikTok (and Gen Z) is its emphasis on lo-fi, or a type of production quality with imperfections, often done deliberately. This brings back the element of unfiltered, unedited, authenticity to content that people have so sorely missed over the last couple of years. The integral characteristic stems from younger users' distaste over the perfect Instagram aesthetic.

## US TikTok In-app Revenue (since launch)

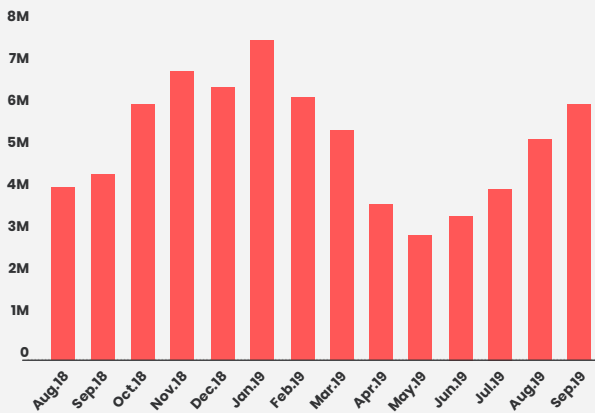


Source: [Apptopia, 2019](#)

# ADVERTISING ON TIKTOK

TikTok has two key revenue sources: advertising and in-app spending. Advertising functionality was added in January 2019 and will continue to expand in 2020. Users can purchase coins in-app, to buy gifts to give to other users. In-app revenue accounts for **\$100M globally**. In 2020, TikTok will continue to focus on new user growth while increasing revenue through advertising, revenue streams for creators, and user safety and privacy, particularly for children. TikTok's goal is to encourage content creation at all levels, and the company believes that every TikTok user is a creator. In order to support this notion, TikTok will work on optimizing products to ensure every user is able to enjoy the app and create fun content for all.

**TikTok New App Installs (by month)**

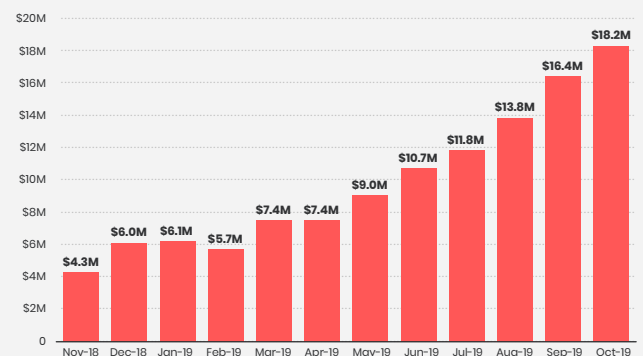


Source: [Apptopia, October 2019](#)

TikTok's user spending has been rapidly increasing along with user growth; TikTok passed \$100M in revenue in early 2019. In November 2019, TikTok was the second highest grossing photo and video app worldwide with \$31M in gross revenue; the top grossing app was YouTube with over \$55M in user spending. About 78% (\$24M) of TikTok's November revenue came from China and 16% (\$5M) came from the US. November 2019 was the first month that TikTok was a top five grossing app. US users account for about 25% of total TikTok user spending. While TikTok is incredibly popular in India, Indian users only represent about 0.5% of user spending.

Currently, users with Pro Accounts have access to the following analytics: profile analytics and content and follower data and insights. Within a TikTok profile, users have access to their total profile views, total number of followers, and total video views. Video views are broken out within a 7/28 day breakout. Follower data allows users to view audience breakout of follower growth percentage, gender and location. Content insights are available and can best be viewed by clicking on a particular content post. From here, users can view all comments, likes, shares, video views, average time viewed, and the total time the content was viewed for, in addition to general traffic sources. Branded content KPIs for engagement, views, and reach can be easily measured on TikTok.

**TikTok Global User Spending by Month**



Source: [Sensortower, 2019](#)



# HOW-TO: ADVERTISING FORMATS ON TIKTOK

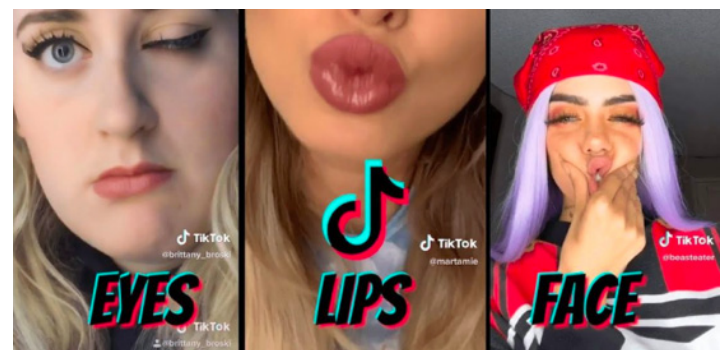
TikTok has caught the interest of brand marketers who are looking to reach their audiences on social. Currently, **\$255m is being spent on influencer marketing campaigns monthly**, and that number will skyrocket over the next few years. And luckily, there are quite a few options for running influencer marketing campaigns on TikTok. To better help understand advertising on TikTok, we've broken down the 5 advertising formats on the platform:

## 1. Branded hashtag challenges

Brand Example	Cost	KPIs
	\$150,000 (as of Q2 2019)	<ul style="list-style-type: none"> <li>• Banner clicks</li> <li>• Impressions</li> <li>• Hashtag page views</li> <li>• Number of user-generated videos</li> <li>• Total video views</li> <li>• Likes</li> <li>• Comments</li> <li>• Shares</li> </ul>

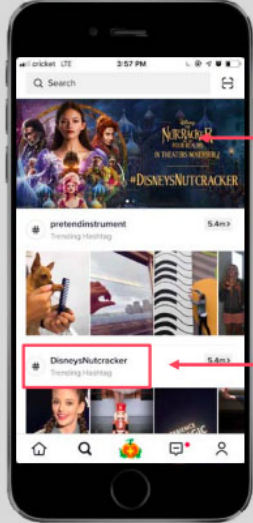
Hashtag challenges capitalize on TikTok users' natural tendency to create and share content. These challenges typically use a theme or piece of music and create content that's entertaining with an element of a surprise or twist. Branded hashtag challenges are one of the most successful ways to advertise on TikTok and are a great way to create viral content. In one of the app's most viral branded hashtag challenges, e.l.f cosmetics company, set a new standard for what it means to run a successful branded hashtag challenge on TikTok. Part of TikTok's uniqueness is in the fact that its sounds and music are idiosyncratic to certain challenges or types of content.

E.l.f leveraged this concept by creating a brand-specific, unique song for the challenge which was created by creative agency, Movers+Shakers. "There are nearly **18,000 TikTok videos** using the song "Eyes Lips Face," and collectively the videos tagged with #eyeslipsface have been viewed nearly 1.2 billion times.



A glimpse of ELF Cosmetics on TikTok

**Discover Page**



Challenge (part A): Branded banner is featured as No. 1 banner for **first 3 days of the 6-day challenge** package. The banner directs traffic to the challenge page.

Challenge (part B): Sponsored hashtag is displayed as No. 2 hashtag for **first 3 days of the 6-day challenge** package. It directs users to the challenge page.

**The breakdown of the challenge for ELF Cosmetics**

**Key Takeaways:** Original songs were the key for success with this hashtag challenge. It's important to make the challenges fun and easy to replicate. With a quick scroll through TikTok, it's simple to identify qualities that make certain songs on TikTok go viral, namely, "the catchiness of young female rappers." A quick look at the Spotify playlist "TikTok Music 2020" features many artists of this description: Dua Lipa, Halsey, Doja Cat to name a few. For brands who choose to use an original song component, it's important for the song to have brand association, but not blatantly. For example, in this e.l.f. Challenge, the song was all about eyes, lips and face looks, enough to make users remember the brand behind the challenge, but not so much that it deters users away from participating in the challenge for being too in-your-face. Considering that 35% of the app's users participate in branded hashtag challenges, this ad format is one that may be worthwhile if your brand's goal is to hit viral fame.

## 2. In-feed video

### Brand Example



### Cost

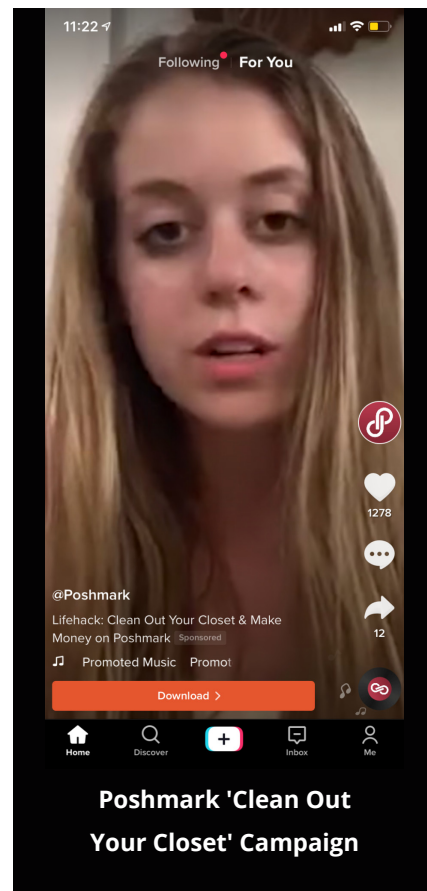
**\$10 per CPM with  
\$6,000 minimum  
campaign spend.**  
(Instagram's average is just  
under \$8 per CPM)

### KPIs

- Impressions
- Clicks
- Video views
- Video views for over 3 seconds
- Video views for over 10 seconds
- Likes
- Comments
- Shares
- Unique reach

In-feed videos resemble typical social media ads. The 15-second video spots have sound and can be skipped. This format also allows for numerous CTA types like website clicks, app downloads and more. Poshmark is a great example of a brand that has leveraged the full capacity of in-feed videos. While Poshmark has not commented on their success with advertising on TikTok, last year's clothing e-commerce retailer partnership with Chinese TikTok can help us to estimate Poshmark's success; Alibaba partnered with Chinese TikTok which added a shopping cart button that accounts with over 1 million followers could embed within content, which would allow followers to purchase items. Since expanding this feature, the app revealed that the feature was able to facilitate nearly \$30 million sales in only one day.

**Key Takeaways:** In-feed video advertising is a relatively cost-effective way to advertise on the TikTok. Because ads appear organically in-feed, it's important to make the video eye-catching right off the bat, to avoid users skipping through. This format works well with a CTA button to measure success, if your brand's goals are website clicks or downloads. If your brand is looking to measure sales, Sponsored Hashtag Plus Feature which allows users to shop for products related to a sponsored Hashtag Challenge, might be your best bet, albeit with a higher price tag.



### 3. Brand Takeover

#### Brand Example



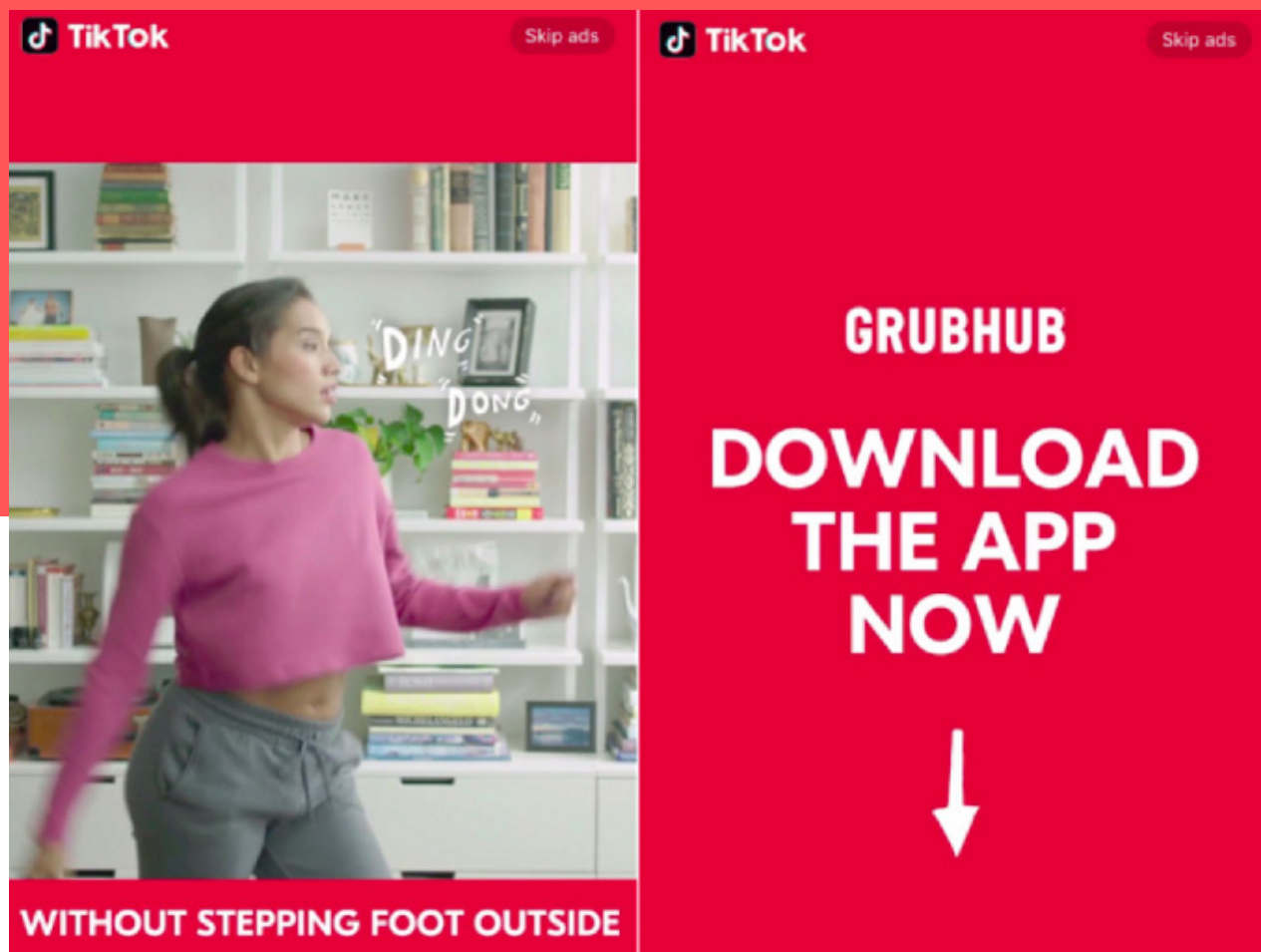
#### Cost

\$50,000/ day with guaranteed  
5 million impressions

#### KPIs

- Impressions
- Clicks
- Unique reach

A Brand Takeover is an ad served to users immediately upon opening the TikTok app. The 3 to 5 second full-screen ad can be either a static image or a GIF, and can link to a brand's TikTok landing page or to an external website. Many brand takeovers feature and promote branded hashtags within TikTok as well. While this ad may be seen as intrusive, users do have the option to click out of the frame at any point. Because takeovers are exclusive to one advertiser per day, this format is ideal for general exposure and reach. Brands like GrubHub have also used this format to drive app downloads.



**Key Takeaways:** If your brand is looking for a cut-and-dry approach to advertising on TikTok, brand takeover is your best bet. Compared to some of the other ad formats, it's relatively inexpensive yet less engaging and could be easily skipped through.

Photo: [medium](#)



## 4. Branded Lens

### Brand Example



### Cost

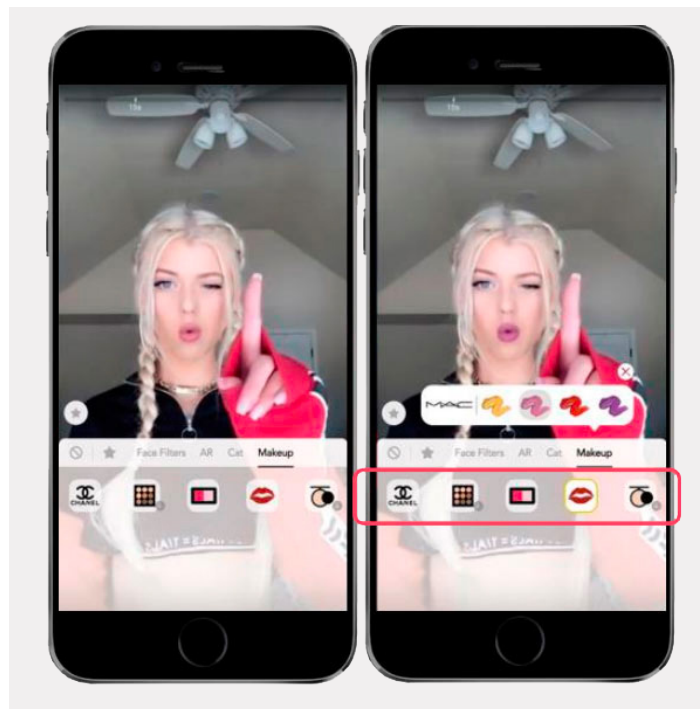
\$80,000- \$120,000  
depending on  
complexity of the lens

### KPIs

- Total number of videos featuring the lens
- Total video views of posts featuring the lens
- Engagement (total likes, comments and shares of all posts featuring the lens)

Branded Lenses provide users with face filters and objects to incorporate into their content. Lenses appear within the trending section of the TikTok app and users can select them while filming. Branded lenses can be live for up to 10 days, and rank in the top 5 trends for up to 5 days. This ad format gives users creative control while promoting the brand in a more visual and interactive way. Brands like MAC Cosmetics have used this ad format to drive product trial through AR.

**Key Takeaways:** This format is excellent for deeper engagement, sampling and product discovery. Using a branded lens for your brand on TikTok is an excellent choice if your goals are to increase engagement and product discoverability. Photo: *Digiday*



## 5. Top View (release date: May 2020)

Top View is an ad format set to launch in May 2020 that will display videos when the app opens, much like Brand Takeovers. The key difference between the two formats is that in Top View, the ad naturally fades into an in-feed video ad. It also allows brands to direct traffic to desired destinations, although it is still unclear if these CTA buttons will allow for in-app shopping. This feature is set to release in May 2020.

**Key Takeaways:** Not only does this ad format appear first thing when users open the app, but because it fades into an in-feed video ad, it appears more native, encouraging users to not immediately skip. Brands can benefit from this format with very native content to blend in with other content in-feed. TikTok will only allow one advertiser per day per category, meaning that if your brand's goal is to increase market share and awareness in your category and to crush your competitors, this is the ad format for you.

# SAFETY REGULATIONS

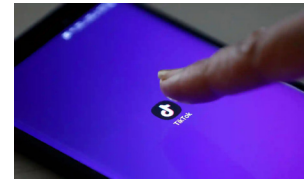
## TikTok Obstacles

TikTok has had its fair share of regulatory issues regarding user privacy and access to content, including being the subject of legal action in the US and India. The reasons for legal action have included children app usage and censorship issues. Because of these issues, TikTok prioritizes global compliance, ensuring a safe experience for all users. TikTok is on-top of their safety regulations and taking down content that is deemed unsafe.

### Here is a brief timeline of TikTok's progression with their safety regulations:

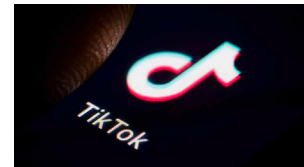
September 25, 2019

The Guardian publishes "[\*How TikTok censors videos that do not please Beijing.\*](#)" The app faces scrutiny for "advancing Chinese foreign policy."



November 1st, 2019

News breaks that the [\*U.S. will open a National Security Investigation\*](#) into TikTok under the concern that the Chinese company may be censoring politically sensitive content.



November 26th 2019

News breaks out that a [\*17-year old who posted to TikTok\*](#) about China's detention camp was locked out of her account. A TikTok representative stated that the user's account was suspended for a different video in which she referenced Osama Bin Laden, which had violated rules about promoting terrorist content. The representative maintained that, "TikTok does not moderate content due to political sensitivities and did not do so in this case."

December 12th 2019

[\*FTC updates guidelines\*](#) to require influencers on TikTok to disclose relationships with brands using #ad or #sponsored, similar to Instagram. The new update also requires TikTok influencers to disclose this information in the video content itself; because videos have a one-minute cap and are often set behind music, enforcing this rule will be difficult and it is unclear if the brand sponsorship disclosure within the content will be removed from FTC guidelines.

December 23rd, 2019

*TikTok's new policy restricts users under 18 from giving money to streamers without parental consent.* Prior, the only way for creators to monetize on TikTok was through "gift-giving" of tokens like rainbow pukes and concerts. TikTok's new policy is aimed at prohibiting teens from sending in money without parents' permission, in part because the company feels like the influencers are exploiting younger viewers. Many users move to third-party ways to monetize, like giving out their venmo handle in retaliation.

December 30th, 2019

*The U.S. army and navy barr the use of TikTok* on government-owned phones following calls from lawmakers to determine whether the Chinese-owned app presents a threat to national security and if it could be used to collect American citizens' personal data.

January 2nd, 2020

*TikTok publishes its first ever transparency report,* claiming that the Chinese government did not submit any requests for content removal or for information about users in the first half of 2020. The U.S. made 85 requests in total and India submitted 118. In many cases, TikTok complied with the requests.



January 9th, 2020

*TikTok adds new rules to ban harmful misinformation in the app.* TikTok states that it will remove content that spreads misinformation which incites fear, hate or prejudice that could cause harm to an individual's health (and/ or misleads community members about elections or other civic processes) -- such as misleading information about medical treatment, hoaxes, phishing attempts, or "manipulated content meant to cause harm."

January 12th, 2020

*TikTok explores curated content feed to lure advertisers* which could include carefully selected content from popular TikTok creators and professional publishers most comparable to Snap's "Discover Tab." This would allow TikTok to charge higher advertising rates to more premium brands than in its existing feed of short videos. A TikTok rep confirms that they are not committing to a firm deadline.

# TOP 15 TIKTOK CREATORS

TikTok believes that every user is indeed a content creator. With the potential for users to become creators, it's no surprise that TikTok will produce a host of new viral faces in the coming years. With brands including TikTok in Influencer Marketing strategies, it's important to identify the up and coming creators in the space. Here is a list of the top 15 TikTok creators who have recently topped the popularity charts.

1



**Loren Gray**

@lorengray

37.6 million followers

2



**Zach King**

@zachking

31.3 million followers

3



**Baby Ariel**

@babyariely

30.2 million followers

4



**Kristen Hancher**

@kristenhancher

23.2 million followers

5



**Riyaz Afreen**

@riyaz.14

23 million followers

6



**Gilmher Croes**

@gilmhercroes

22.8 million followers

7



**Jacob Sartorius**

@jacobsartorius

21.8 million followers

8



**Awez Darbar**

@awezenbar

21.4 million followers

9



**Arishfa Khan**

@\_arishfakhan\_

20.9 million followers



10



**JiffPom**

@jiffpom

20.5 million followers

11



**Jannat Zubair**

@jannat\_zubair29

20.3 million followers

12



**Jayden Croes**

@jaydencroes

19.5 million followers

13



**The Dobre Twins**

@dobretwins

19 million followers

14



**Avneet Kaur**

@avneetkaur\_13

18.4 million followers

15



**Garima Chaurasia**

@gima\_ashi

17.6 million followers

# TOP 10 VIRAL CONTENT

In December of 2019, TikTok shared the year's best moments with everyone via the *TikTok 100*. A part of this report was dedicated towards highlighting the Top 10 most viral pieces of content. Viral is defined as the highest amount of video views and overall engagement. Here is what TikTok touted as the year's most viral content:



5

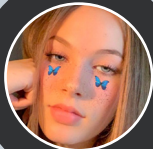


**@SAMMIELEWISS**

Some tea with Sammie




6



**@JADEI3TR**

This cat is lit



7



**@BRITTANY\_BROSKI**

Kombucha girl keeps it real



8



**@HERECOMEDATKUSH**

The nicest hummingbird you'll meet



9



**@KIDKNEESOTHRA**

Crocs & shaving cream



10



**@RAEGANBROWNN**

Bear suit daredevils

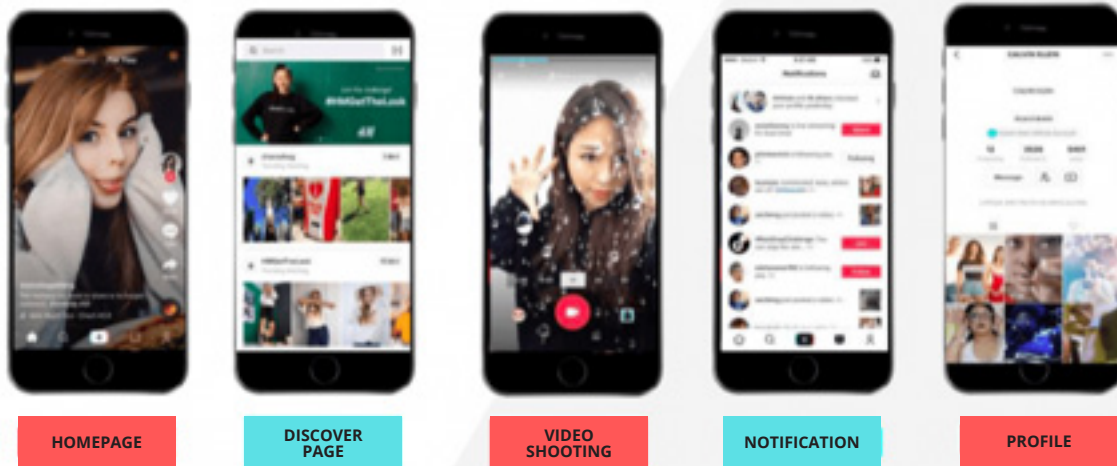


Source: *TikTok100, 2019*

# FUTURE DIRECTION

TikTok reportedly earned \$175.9 million in 2019- 5x more than what they made in 2018. With the Chinese version of TikTok, Douyin, allowing in-app shopping features, it's no surprise that Chinese consumers are responsible for \$122.9 of the \$176.9 million. That being said, TikTok will focus on increasing revenue through advertising, creating revenue streams for creators, and building user safety measures, particularly for children. TikTok is pursuing advertising revenue and creating new products to support advertising and brands, such as the Top View ad format. The Hashtag Challenge Plus is particularly notable because it allows brands to create an in-app shopping experience accessible through challenge pages.

The seamless user experience of this shopping feature is already driving brands to activate creators to grow ecommerce among Gen Z consumers. Brands and TikTok itself are just beginning to unlock the advertising and marketing potential of the platform, which means that 2020 will see significant advertising growth and engagement.



TikTok is a platform that strives to make every user a creator of content, not just a consumer, but the platform doesn't yet have an effective way for creators to monetize their content, and we hope the wildly popular platform does not suffer the same fate as Vine. TikTok acknowledges the tension between the platform and the massively popular creators who want to profit from their work. In the Fall of 2019, TikTok launched a [Creator Marketplace](#) to connect brands with top creators on the platform, but it is not clear how successful the Marketplace has been.

The platform will need to use methods similar to those of Youtube and Instagram to support creator revenue beyond tipping with gifts to maintain engagement with users. Regardless, 2019 saw an emergence of TikTok-specific marketing agencies aimed at helping brands advertise on the platform. We are excited to see opportunities for content creators and brands emerge as TikTok continues to grow in parallel.



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# TIKTOK 2020: THE ULTIMATE GUIDE FOR MARKETERS

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Have questions? Want to learn more?

Send us an email at

[Sales@captiv8.com](mailto:Sales@captiv8.com)

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## About Captiv8

Captiv8 is the largest AI-Powered Branded Content Platform, connecting brands to digital influencers and creators to tell powerful stories.

Marketers leverage the platform to discover influencers, create buzz-worthy content, manage their campaigns, and measure results. At the core of the platform is Insights, a social listening tool with real-time audience data across Instagram, Twitter, YouTube, and Facebook.

**For more information, visit [www.captiv8.com](http://www.captiv8.com)**

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