

Quantifying the impact of TikTok advertising

“ In a privacy centric world, MMMs are seeing a strong resurgence. As clients continue to work on improving ROI for their campaigns, we are glad to partner with Nielsen who has built robust insights to perform better while proving TikTok drives sales impact. ”

Jorge Ruiz
Head of Measurement, TikTok

“ Nielsen-recommended best practices have brought out some exciting insights for TikTok SEA. MMMs with TikTok modeled as its own entity builds ground for accurate models. ”

Abhinav Maheshwari
VP Marketing Effectiveness APAC, Nielsen



ROAS - Return on Advertising Spends (retail sales revenue per marketing dollar)

Effectiveness - Retail sales contribution per billion impressions

Situation

With its immersive full-screen, sound-on formats and diverse video content, TikTok has struck a chord with creators and viewers in Southeast Asia (SEA). It has seen tremendous growth in audiences for engaging entertainment and inspirational content.

To help advertisers tap into this large, powerful and growing audience, TikTok has built a suite of branded advertising options, including Open Screen ads (Brand Takeover, TopView), In Feed Video ads, Branded Hashtag Challenge and Branded (Augmented Reality) Effects. TikTok is also unique in its vast organic user engagement with Branded Hashtag Challenges (HTC).

Challenge

Many marketers rely on third-party measurement providers to assess the impact of their advertising, including their investments on TikTok. With a diverse set of ad products and a volume of impressions large enough to show a meaningful lift in sales, marketers and their measurement partners need a clear set of best practices to quantify the business value of TikTok.

Solution

TikTok commissioned Nielsen to run Marketing Mix Models for 15 CPG brands spanning Food & Beverage and Health & Personal Care across Indonesia, Malaysia and Thailand (modeled data from April 2019 to March 2021) to help identify modeling best practices for TikTok and provide marketers a view into the relative performance of their advertising options.

Marketing Mix Modeling (MMM) has been the gold standard method in measuring efficiency and effectiveness for over 30 years.

Study background

The TikTok SEA CPG MMM 2021 study provides a holistic understanding of what's driving sales for the brands, including online, offline and external factors (e.g., macro market trends). In order to quantify the impact of TikTok advertising on sales, Nielsen measured the Return on Advertising Spends (ROAS) and Effectiveness of TikTok ad spends at a very granular level.

TikTok SEA CPG MMM 2021 study

Key learnings

TikTok provides a measurable and significant impact on brand sales

TikTok paid media drove a ROAS of **\$1.3** in SEA which is **1.6** times higher than other Nielsen measured media².

Additionally, the ROAS doubled from **\$1.3** to **\$2.6** with the impact from incremental earned impressions garnered from paid campaigns which is part of the Branded HTC package.

Drive additional ROAS by running multiple TikTok ad formats at a time when running your campaigns

It is recommended that advertisers execute multiple ad formats simultaneously within their TikTok campaigns to leverage the synergistic impact.

Brands executing multiple ad formats for their TikTok campaigns drove as much as **12%** higher ROAS, compared with brands that focused only on an individual ad format.

Drive incremental ROAS by maintaining higher weeks on air on TikTok

Brands that executed 7 weeks or more on TikTok drove **14%** higher ROAS than brands that executed for a shorter period.

Execute higher number of Branded HTC Campaigns in a year to drive higher performance

HTC ads drove the highest ROAS and Effectiveness in the SEA region, making them the best-performing advertising option. Brands that executed two to three HTC campaigns in a year saw a **20%** higher ROAS than brands that only ran one.

After HTC, In-Feed ads drove the highest effectiveness for brands

In-Feed ads drove a sales contribution of **2.4%** per billion impressions. To drive higher performance, there is opportunity to scale weekly impressions.

Third-party MMM measurement best practices

TikTok should be modeled as its own entity in MMM, never bundled with other digital or social tactics. TikTok can directly provide advertisers and their measurement partners data extracts by ad products where measured effectiveness and efficiency show meaningful variation.

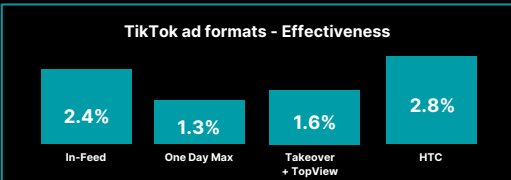
TikTok Total ROAS¹
\$2.6
 (Retail sales revenue per dollar spent)

TikTok Paid ROAS
1.6x
 Against all other media² avg

+12%
 Additional ROAS by running >1 ad format

+14%
 Additional ROAS by running sustained campaigns (Run Campaigns for >7 weeks per year)

+20%
 ROAS by running 2-3 HTC campaigns, as opposed to 1 HTC campaign



Note:
¹Total ROAS for TikTok includes the impact from incremental earned impressions garnered from paid campaigns
²Other Nielsen measured media includes TV, Radio, OOH, Cinema, Digital Display & Video (excluding Facebook & Google)

Non TikTok spends are based on rate card (monitored) and not actual spends from advertisers
 Nielsen SEA Total CPG ROAS Benchmarks -

Total Media weighted average ROAS is \$1.4 and Digital weighted average ROAS is \$1.8

