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.

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Situation
With its immersive full-screen, sound-on formats and diverse video content, TikTok has struck a chord with creators and viewers in the Middle East and North Africa region (MENA). 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, One day max), In Feed Video ads, Branded Hashtag Challenge, Reservation In-feed 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 across TikTok. With the diverse range of ad products and volume of impression large enough to show meaningful sales lift and ROI, marketers and their measurement partners need robust methodologies and a clear set of best practices to quantify the business value of TikTok.

Solution
TikTok commissioned Nielsen to run Marketing Mix Models for 16 brands spanning 3 categories: Food & Beverage, Health & Personal Care and Home Care across Saudi Arabia, UAE and Egypt to help identify modeling best practices for TikTok and provide marketers a view into the relative category performance across their advertising offering.

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

Study background
The TikTok MEA 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.
**Key learnings**

**TikTok provides a measurable and significant impact on brand sales**
TikTok paid ads drove a ROAS of $1.83 in MEA which is 3.5 times higher than other Nielsen measured media*. TikTok ROAS is also 56% higher than other digital** ROAS (excluding TikTok) and exceeds ROAS for all other media across the measured projects. Additionally, the ROAS doubled to $3.7 with the impact from incremental earned impressions.

**The Food & Beverage category saw the highest ROAS for TikTok vs all other Media**
For the F&B category, TikTok paid ROAS is 66% higher than total digital and 4x higher than other media. Health & Personal Care also achieved a ROAS of 1.92x vs other media and 1.67x vs digital media, while Household achieved ROAS which is 58% higher than total digital and 3.2x higher than other media. TikTok paid ads for all categories modelled exceeded the CPG benchmarks as well.

**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 10% higher ROAS, compared with brands that focused only on an individual ad format. In UAE, brands executing multiple ad formats for their TikTok campaigns drove 31% higher ROAS ($2.1), compared with brands that focused only on an individual ad format ($1.6). Whereas from a category lens, multiple formats running simultaneously vs. single ad formats have a stronger ROAS for Food & Beverage (16% higher) and Health & Personal Care (18% higher)

**Drive incremental ROAS by maintaining in-feed ads for higher weeks on air on TikTok**
Running in-feed ads for 20+ weeks over 2 years drives 16% higher ROAS than brands with less than 20 weeks of in-feed ads.

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**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.