

TikTok's Search Ads Toggle could lower CPA while increasing conversions

Article



The news: TikTok has introduced an advertising feature called the Search Ads Toggle that allows advertisers to place their ads within TikTok's Search results page. The feature is now

available broadly in the US, with testing underway in other regions.

- It targets high-intent users who are actively searching for content relevant to a specific product or brand.
- Advertisers can enhance brand safety by adding "negative keywords" to their ad groups, ensuring their ads only appear in search queries that align with their brand.
- TikTok's internal data shows that 70% of ad groups with the Search Ads Toggle "on" experience a lower cost per action (CPA) due to more efficient conversions from the search ad placement.
- TikTok reports brands like Clinique and DIBS Beauty have already seen success with the Search Ads Toggle: Clinique achieved a 441% boost in conversion rates, 51% rise in clickthrough rates, and 7.4% lift in ad recall, while DIBS garnered an 8% higher conversion volume, six-times jump in conversion rate, and 22% drop in CPA against nonsearch ads.

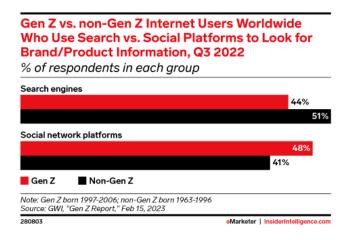
Why it matters: TikTok's first ad placement based on user searches should allow the app to make inroads into search marketers' budgets—and catch up to players like **Instagram** and **Pinterest**, who've had this feature for awhile.

- US search ad spending will amount to \$147.4 billion this year, per our forecast. While any budgets spent on this offering would fall under our social network ad spending forecast, the fact remains that TikTok can now be a viable place for search marketers to consider placing some of their budgets.
- The new feature could ramp up competition against Google, in particular, which accounts for \$57.49 billion of that US search ad spending pie.
- While many Gen Zers eschew Google in favor of Amazon when it comes to their searches, 43% of Gen Zers start their online product searches on TikTok, surpassing Google, according to a Q1 Jungle Scout report. TikTok is now getting more serious about monetizing that user journey.
- 52% of TikTok users use the platform to research and learn more about new products or brands, per internal data.

Our take: The Search Ads Toggle is a significant development for TikTok and its advertising ecosystem.



- It provides advertisers with a new way to reach potential customers who are actively searching for content pertaining to their business—with some limitations. As principal analyst Debra Aho Williamson notes, you can't buy TikTok search ads separately; they can only be purchased in conjunction with In-Feed ads.
- As TikTok continues to grow its performance marketing product suite, the Search Ads Toggle
 is an important feature that's undoubtedly going to be welcomed by many a marketer.



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