

Advertisers win with TikTok's Creative Challenge—but creators' gains uncertain

Article

The news: TikTok, moving to broaden content options for advertisers, has launched a feature called **Creative Challenge** open to creators with a minimum of 50,000 followers and ages 18

or above.

How it works:

- Brands submit a challenge, and they get up to 30 ad options crowdsourced from creators within a 10-day period.
- Creators' earnings are based on performance metrics like views, clicks, and conversions.

Why it matters: Platforms are in a competition to see who can be considered the most creator friendly—and this new service offers an alternative revenue stream for content creators.

- This new offering allows brands to take on user-generated content for advertising. Thirty-two percent of Gen Z consumers have purchased a new product/brand they learned about from a social media influencer; the same is true of 26% of millennials.
- It facilitates a performance-based payment model, incentivizing high-quality content.
- The program also aligns with modern marketing trends favoring authentic content.

Yes, but: Some creators have concerns regarding perpetual usage rights, as highlighted by Ad Age.

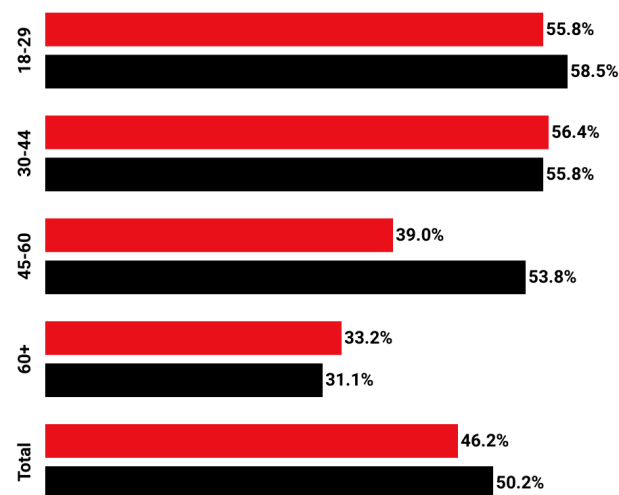
- TikTok has also reportedly stored sensitive financial data of its major influencers on Chinese servers, countering CEO **Shou Zi Chew**'s claims that US data is stored only in Virginia and Singapore, per Forbes. The revelation raises serious concerns regarding data privacy and could spur regulatory scrutiny and mistrust among creators and users, highlighting the need for more transparent data management practices.
- TikTok is far from the only player courting creators. Earlier in June, **Facebook** introduced new features to streamline content creation and enhance monetization for creators, including an Inspiration Hub for content ideas, a Templates Hub for creating reels, Professional Mode features, and a lowered threshold for eligibility in the Stars program. Victory for TikTok with creators in the long term isn't a given.

Our take: This feature potentially benefits both content creators and brands by combining creativity with brand advertising.

- Creators have the opportunity to earn money without saturating their profiles with sponsored content.
- Brands can streamline content sourcing that aligns with their positioning and messaging. Marketers are already used to paying per campaign; ostensibly, this lets them continue that practice, while saving money in the process. But it could make partnerships more transactional and finite; if Creative Challenge becomes highly successful, then brand ambassadorships, a leading type of influencer partnership, could wane.

US Internet Users Who Have Ever Purchased a Product After Seeing It Used by an Influencer, by Age, 2021 & 2022

% of respondents



■ 2021 ■ 2022

Source: Izea, "2023 Trust in Influencer Marketing," April 6, 2023

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