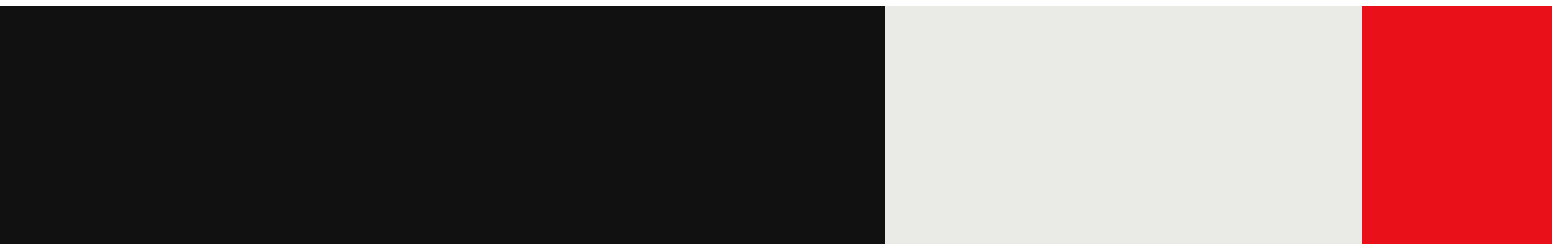


# Around the World: Regional TikTok bans so far, and what might happen next

Audio



On today's episode, host Bill Fisher is joined by our analysts Paul Briggs and Man-Chung Cheung and forecasting writer Ethan Cramer-Flood to talk about the TikTok bans currently in

place around the world. They consider if the pressure building on TikTok in the US could fan out to other countries.

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## Episode Transcript:

Bill Fisher:

Hello everyone. Welcome to Behind the Numbers Around the World, an e-Marketer podcast made possible by Meltwater.

It's Monday, March the 27th, and I'm your host Bill Fisher, and it's my pleasure to welcome you all to Around the World with country bans on TikTok. Welcome folks to a Behind the Numbers show that takes you around the world looking at what various countries are doing in the worlds of commerce, media, and advertising. Each month, I give you a global news recap. Then I speak with a few of our regional experts to get their take on the main theme for today's show, which this time is all about the flurry of bans that TikTok is facing around the world. We will be asking, is this political posturing or could a blanket ban beyond the cards?

Paul Briggs:

That's an ongoing investigation as well, which mirrors what's happening in the US that might lead to an outright ban. Like the Canadian government has said, they're closely monitoring what's happening in the US for the totting ban of the app.

Bill Fisher:

What's the view from China on this butterfly effect of bans?

Man-Chung Cheung:

We all know that this is really multifaceted, right? There's the political aspects, there's the tech supremacy aspects of that as well, and sprinkle in a little bit of the data privacy concern.

Bill Fisher:

And what would any potential user losses mean to TikTok and the advertising industry as a whole?

Ethan Cramer-Flood:

We've got worldwide TikTok ad revenues crossing 13 billion this year. Then it's one of the few companies, one of the few platforms that is still seeing monumental growth.

Bill Fisher:

Before we do anything else though, let's give you this month's Culture Shock. This is where I take you to various countries around the world regaling you with quirky culturally specific norms, and we are talking hand gestures this month. In most English-speaking nations, a thumbs up gesture is pretty much universally understood to mean something is good or okay. But if you are in parts of the Middle East, Greece or Italy, it's the equivalent of flipping

someone the bird. Beware, replacing this with another hand gesture though, the okay sign where the index finger touches the thumb is usually well understood around the world, but again, in parts of the Middle East and Mediterranean Europe, the gesture has a far more vulgar or offensive meaning. Meanwhile, the O shape that you create with this gesture indicates coins and thus wealth in Japan. But in France, Belgium and Tunisia, it means zero coins and thus you are worth nothing. Blimey. It's complicated. My advice would be learn the spoken language and avoid the hand signals.

Anyway, in a moment I'll be greeting my guests for today with a culturally appropriate hand gesture. But before I do, it's time for Three in Three. I have three minutes to cover three interesting, and in this case very related, news stories that we've seen in around the world towers this month. The time is set. Let's go.

We're starting with the UK government's recent TikTok ban on government devices. Yes, indeed. On the 16th of March, the UK government put into immediate effect a ban on the use of TikTok on any government device. Here's the Secretary of State Oliver Dowden via Sky News announcing to the House of Commons the reasoning for this ban.

Oliver Dowden:

Given the particular risk around government devices which may contain sensitive information, it is both prudent and proportionate to restrict the use of certain apps, particularly when it comes to apps where a large amount of data can be stored and accessed.

Bill Fisher:

The cabinet office said the move was being taken because of concerns over data handling. TikTok users are required to hand over data including contacts, user content, and geolocation data. The social app countered this by stating it is actively taking steps to allay any such fears by storing UK users data in its European data centers and tightening data access controls. TikTok on the chopping block.

Next up, another TikTok ban, this time in Canada. A couple of weeks before the UK government's TikTok ban, the Canadian government did exactly the same thing and announced that all government-owned devices would not be allowed to access the app. Having had a bit more time to digest this move though, some commentators are questioning the logic. Here's Vass Bednar, Executive Director of Public Policy program at McMaster University speaking to CBA.



Vass Bednar:

... gave as a government, and last year we spent \$21 million advertising on the TikTok platform. So is the government still going to invest in this platform? And why aren't we asking the same privacy and cybersecurity questions of tons of other apps?

Bill Fisher:

Interestingly, shortly after the announcement, President of the Treasury Board, Mona Fortier said that Canada's Chief Information Officer determined the app presents an unacceptable level of risk to privacy and security. However, she added that we have no evidence at this point that government information has been compromised. Was it high time, or is this political pantomime?

And finally, news on yet another ban, this time in New Zealand, but only after a backtrack. Sky News Australia explains this one.

Sky News Australia:

New Zealand has become the latest country to ban social media app TikTok from all government devices over cybersecurity concerns. A leaked email from the NZ Parliamentary Service Chief excites the app's risks are not acceptable. The Chinese-owned video application will be banned from all parliamentary service managed devices from March 31.

Bill Fisher:

The interesting part of this story though is that at the beginning of the month, the country's Intelligence Agency's Minister Andrew Little, said that the government did not have the legal mandate to ban apps from government devices. Parliamentary Services Chief Executive Raphael Gonzalez Montero said in an email to Reuters that the decision was taken after advice from cybersecurity experts and discussions within government and with other countries. Well, we all know who won that argument. It wasn't Andrew Little.

Anyway, that's my Three in Three this month. And now I have another three for you, three of our brightest minds on the international desk at Insider Intelligence. First up, it's our research analyst covering China and Japan. He is Man-Chung Cheung. I think a thumbs up is okay, Man-Chung, but I'm going to raise my fist, which I believe is a good sign, right?

Man-Chung Cheung:

Yes, it is. Hey, thanks for having me.

Bill Fisher:

Great to have you. Next, we have our principal analyst for Canada. It is, of course, Paul Briggs. I know you'll appreciate a thumbs up, Paul. Yeah?

Paul Briggs:

Yeah, for sure. Hey, Bill.

Bill Fisher:

Good to have you on the show. And finally, we have our forecast writer supremo, Ethan Kramer Flood. I'm going to give you a double thumbs up because we haven't had you on the show for a while.

Ethan Cramer-Flood:

Hey, Phil. Good to be back. I am not going to use my hands at all today.

Bill Fisher:

I'm going to start with you, Ethan, actually. The Three in Three segment dominated by the slew of government bans on TikTok around the world, heaps of stuff happening in the US. We're talking globally, but with a sort of US background. What have you got on this slew of bans happening?

Ethan Cramer-Flood:

Yeah, TikTok certainly seems to be in increasingly big trouble in the US. Obviously, we are here not to talk too much about the US storylines. However, in this case, at least in this cycle of problems for TikTok and its owner ByteDance, the US is leading the charge. Previously, India in fact started this process of banning or introducing regulatory hostility towards Chinese apps, in particular TikTok. But now it's the US that's out in front, and so this domino effect that we're seeing around the rest of the world has been emanating from here. No one knows what's going to happen. It's still going to be many months regardless of TikTok's ultimate fate in the US. There's going to be a process by which maybe there will be more pressure to sell it rather than ban it. There's obviously still a chance that nothing will happen at all, but I think it's without question that the situation is considerably more serious now than it was when we did

this dance three years ago when the Trump administration had its abortive attempt to either force the sale of the US TikTok operation or ban it.

TikTok was able to wiggle its way out of that controversy relatively easily, but the avenues by which it escaped trouble back then have increasingly become closed off. Either they're through the courts or through lack of interest from the Executive Branch, or lack of interest from Congress. All of those are sort of frittering away and hostility seems to be almost universal. It's uniting both political parties. Congress is rapidly changing the laws so that a Court Appeals won't be an option anymore. If you make a law that says the Executive Branch can do this, then they can do it. Then it's gotten to the point now where people are wondering even what the Chinese government will decide. It's a rapidly-developing story. Things are changing all the time. I think the takeaway is that this is a lot more significant, a lot more likely than it was before, and the fact that other countries are coming along for the ride now indicates the severity of how various governments are seeing this challenge.

Bill Fisher:

It's interesting, you mentioned India there. Man-Chung, I know you've followed this fairly closely. What were some of the impetus behind this India ban, do you think?

Man-Chung Cheung:

Yeah, so that happened, I think, correct me if I'm wrong, back in 2020 when there was a border clash between China and India and just almost right after immediately the Indian government decided to ban TikTok along with perhaps hundreds of Chinese apps out of the country. There was this element of course, security, data security, but also it's a matter of national pride as well.

Bill Fisher:

Okay, so let me bring you in, Paul, then because in the Three in Three there, we heard the commentator from McMaster University, and in that interview she did talk about maybe some of the political motivations, let's say, behind some of these bans. Man-Chung talked about maybe some hostilities across borders, but it's a valid question. Why would a government ban TikTok from its government devices but not ban another app, as was mentioned by the McMaster person, and face its own data security issues? Is there political motivation behind these bans, I guess is the question I'm asking?



Paul Briggs:

There's a lot of speculation that there are indeed political motivations to the government of Canada's actions vis-a-vis TikTok. In fact, TikTok's response to the ban a couple of weeks ago was to call the action a politically-motivated action. So the China File in Canada is very interesting. Recently, we've heard of Chinese interference in federal elections in 2019 and 2021. There's an investigation which is now ongoing to determine how if those allegations are correct. There's a lot of media discussion, public discourse about the relationship between Canada and China, and a lot of people are speculating that TikTok is being caught up in that drama.

Bill Fisher:

What was the view from China, Man-Chung?

Man-Chung Cheung:

I mean, their view is basically, this is highly politically-motivated. As we're seeing in the past few years, there's this so-called tech war going on between US and China. Of course, you see a Chinese company like Huawei being banned out of the telecom network in the US and was in Europe as well. The Chinese Foreign Minister is basically saying this is slandering of TikTok and it's a means for basically the US to kind of contain China and the spread of its tech companies. We all know that this is really multifaceted.

There's the political aspects, there's the tax supremacy aspects of that as well, and sprinkle in a little bit of the data privacy concern as well. But from what I could tell, the Chinese government, they're not really open to selling this company. To sell this TikTok, you do need the approval of the Chinese company because algorithm is considered a product that needs to be approved by the company before you can sell it. So yeah, likelihood is that the Chinese government is not going to let the company be sold.

Bill Fisher:

Yeah, that was going to be my next question. Divestment, is that an option?

Ethan Cramer-Flood:

I think that's a very important differentiation to emphasize. A ban on TikTok would result in less anger and retaliation from China. They don't have much of a leg to stand on in terms of

bans, given that they have long since banned every Western social media app inside China, and really every internet company inside China from the US has long since been banned. But a forced sale, that's tough. That's where you're going to get some significant anger, some significant pushback, and that's why a lot of folks are saying that they're not going to let it happen.

Bill Fisher:

That's interesting. The interesting thing to me was that last story in Three in Three in New Zealand where you've got the Internal Affairs guy saying the government doesn't have a mandate to ban apps from government devices. Then after discussions within government and with other countries, I think was the important point there, it goes ahead and bans, TikTok. There's influence here, right?

Ethan Cramer-Flood:

Well, it's amazing what you can get away with once you define it as an issue of national security. So there are laws and then there are laws, right? There are things you can't do under regular circumstances, but once you decide that it's national security, you probably can do. There probably is some other law that allows you to do it.

Paul Briggs:

That national security angle is also being taken in Canada in terms of judging whether or not TikTok is a threat to national security. There is an ongoing investigation. This is separate than the ban of TikTok on government devices. This is a look at whether TikTok violates privacy laws in Canada, so that's an ongoing investigation as well, which mirrors what's happening in the US that might lead to an outright ban. Like the Canadian government has said, they're closely monitoring what's happening in the US for the totting ban of the app. And there is a mechanism in Canada called the Canada Investment Act, where if there's a violation of national security or consumer privacy, there's a mechanism within that act to shut down an operation. That may be where it heads in Canada, but there's lots of steps in between now and then.

Bill Fisher:

Interesting.

Man-Chung Cheung:

I want to point out that so far we haven't found any hard evidence that TikTok has been used as a spying tool, so just want to make that clear as well. And what is the ramification on other Chinese apps? Once we've banned TikTok, then we are looking at other apps like Temu. That's another app that's catching on in the US. We are looking at perhaps the other games from Tencent as well that are becoming popular, especially the gaming apps, that are becoming popular around the world. So there's huge ramification in this.

Bill Fisher:

Really interesting stuff. We could talk about the political undertones about this until the cows come home, but I just want to talk very briefly about what a potential ban might mean for maybe the ad industry more widely. Ethan, what do you think?

Ethan Cramer-Flood:

Yeah, I mean that's the reason that we're talking about this on this show and why our listeners are interested and very concerned, is because the enormous explosion of advertising that has taken place on TikTok all over the world over the last few years. We are still in the middle of forecasting TikTok, both globally and in the US under the assumption that it will continue to exist in its current form. Although, we are incorporating potential caution in terms of its growth outlook under the assumption that advertisers are going to be thinking twice maybe about their relationship, at least in the United States, with an app that might disappear. You're still talking about we've got worldwide TikTok ad revenues crossing 13 billion this year inside the US, 6 billion alone in the UK where you are, and will cross a billion this year according to our forecast. It's one of the few companies, one of the few platforms that is still seeing monumental growth.

I think otherwise probably our listeners are aware that the advertising industry has slowed down considerably from its heyday from a couple of years ago, and we're seeing single digit growth in a lot of countries and digital ad spending, and even lower than that in traditional ad spending. But TikTok, we're still looking at 30 plus percent growth around the world and in the UK, a little bit lower than that in the US we think this year because of caution around the possibility that you might build up your relationship with this platform and build up your campaign and then only to have it vanish. We got it more about a 20% growth in the United States, but you're still talking about just a gigantic, gigantic player and obviously it's competitors in the US least are licking their chops.

If it vanishes, that's 6 billion in spending that suddenly becomes available presumably, and everybody wants to know where that money is going to go, and they want to know where its users are going to go so they can know where the money is going to go. That's what everybody's talking about. We don't know what's going to happen, but that is a heck of a lot of money.

Bill Fisher:

It is indeed.

Man-Chung Cheung:

I just actually saw in survey, December 2022 survey by Cohen Group surveying TikTok users on where they would go if the app does get banned. Amazingly across different age groups, a large proportion of them would rather not switch to another app than to switch to Instagram Reel or YouTube. That's really interesting to me how sticky TikTok is.

Ethan Cramer-Flood:

They'd rather just not do anything, go read a book?

Man-Chung Cheung:

Possibly, yeah.

Ethan Cramer-Flood:

Sounds good.

Bill Fisher:

This could be the answer.

Paul Briggs:

In Canada, one of the predictions we made for 2023 in Canada was sort of, for lack of a better description, TikTok is ascendant than is going to claim the number three spot in terms of number of users in the country ahead of Twitter and Snapchat. We really thought at the time, and we wrote a report about this in depth last year, about marketer interest in TikTok. I think all that is sort of... A lot of companies have put on hold their future plans to see what

shakes out. I think that certainly has changed in just a few months when we predicted that TikTok was going to be a primary advertising vehicle for advertisers.

Man-Chung Cheung:

I was on TikTok the other day. I'm not a regular user. I just check it out. I already see some of the influencers, they're trying to steer the traffic to other apps like Instagram. So that's really happening already.

Bill Fisher:

Really? I'm on TikTok quite a lot. I haven't spotted that yet. I don't know. Maybe it's we're behind over here. Right, okay, I think we have time for our nearly new segment, the Recap Stats Quiz.

We've talked about TikTok in depth. Now it's time to recap and ask our experts a few related stats questions. There's no prize. It's all about bragging rights, and we only have three questions. I seem to have a thing for the number three, don't I? Three is the magic number. Anyway, first question. If President Biden were to go through with his threat and ban the app in the US, how many users would that instantly wipe off TikTok's books? This is per our 2023 forecast figures. Ethan, I know you've got numbers in front of you, don't look. Multiple choice. We've got 96,000, 102 million, or 108 million. Let's do alphabetical. We'll start with Briggs. Paul, what do you think?

Paul Briggs:

I'll go with 102.

Bill Fisher:

And Chung?

Man-Chung Cheung:

108.

Bill Fisher:

And Cramer-Flood?

Ethan Cramer-Flood:



TikTok itself, I think just claimed that they have about 150 million, but that shows how our methodology is more cautious and conservative than their own reporting because we try to avoid the double counting from duplicate users, and bots, and frauds. But I'll take that highest number there. What was that, 108?

Bill Fisher:

108.

Ethan Cramer-Flood:

I'll take that one.

Bill Fisher:

Did anyone say 102? Who said 102?

Paul Briggs:

That was me, Bill.

Bill Fisher:

That was you. You get a point. You get a point. 102 million.

Paul Briggs:

Oh, right. Perfect.

Bill Fisher:

Yeah, that's actually our 2023 figure. 96 million is what we had for 2022 and 108 is our predicted 2024 total. Right, or big numbers. Next up, if we were to look at the combined total of TikTok and Douyin user numbers around the world, Douyin being the Chinese counterpart, TikTok owned by ByteDance, of course. If we were to look at the combined total of those users, what percentage would the US loss of users account for out of that total? So what percent would that 102 million users being wiped off the slate count for? A 6%, B 16%, or C 26%? We'll start with Man-Chung first this time.

Man-Chung Cheung:

I'm saying the middle one.

Bill Fisher:

16.

Man-Chung Cheung:

Yeah.

Bill Fisher:

Ethan?

Ethan Cramer-Flood:

Maybe only 6%. I mean, I think Douyin has close to a billion users in China.

Bill Fisher:

Okay, 6% for you. Paul?

Paul Briggs:

Well, that leaves me with the high number Bill, so I'll take that one.

Bill Fisher:

You can pick the same number-

Paul Briggs:

I don't think it's the high one.

Bill Fisher:

... if you like.

Paul Briggs:

Well, if I have a choice, I'm going to go with the low number.

Bill Fisher:

You're going for six as well?

Paul Briggs:

Yeah.

Bill Fisher:

Okay. You are correct. 6%. There are actually, Douyin and TikTok users around the world, 1.7 billion users around the world. So that 102 million small change, but it's still significant of course, but 6% only. Interesting. For the final question, in last month's episode, we covered ChatGPT, and noted in the quiz that it became the fastest app to reach 1 million downloads. It took five days. It actually beat TikTok, which previously held the record, but how long did it take for TikTok to reach 1 million downloads? I've got 29 days, 19 days, or nine days. Ethan, let's go with you first.

Ethan Cramer-Flood:

I was not cool enough or plugged in enough to be aware of TikTok's popularity in it's opening days, so I'm going to take the bigger one, the 29.

Bill Fisher:

29, okay. And Paul?

Paul Briggs:

I'll go the middle ground on this one, Bill.

Bill Fisher:

19?

Paul Briggs:

Yeah.

Bill Fisher:

And Man-Chung?

Man-Chung Cheung:

If I remember correctly, it was kind of slow to uptick, so I will take the bigger number.

Bill Fisher:

You're going 29 as well. No points. Anyway, nine days.

Man-Chung Cheung:

Wow.

Bill Fisher:

If you can believe that. Remarkable numbers, both nine and five days. But yeah, interesting, right?

Ethan Cramer-Flood:

That shows that you don't have any young people here. Those downloads were happening completely under our nose.

Bill Fisher:

I always have a tiebreaker, but I don't need it because we have a winner and it's you, Paul, so I'm going to give you the W. However, I want to use this tiebreaker because I wanted to talk about my own personal TikTok use, and I was going to do it live on the show. Yesterday, I often talk about my addiction to TikTok or partial addiction. I'm going to look on my phone. How long do you think I spent on TikTok yesterday? Just pick a number. Minutes. Hours and minutes. Whatever you fancy.

Paul Briggs:

I'll take 48 minutes, Bill.

Bill Fisher:

Okay.

Ethan Cramer-Flood:

I believe if you were a user in the US, you would be coming up close to an hour per day. I don't know what the average is in the UK though, depending if you're an average person or not.

Bill Fisher:

What have you gone for?

Ethan Cramer-Flood:

I'll go a little less than. I'll say 50 minutes.

Bill Fisher:

Okay. Man-Chung?

Man-Chung Cheung:

Well, you have a full-time job, got a family.

Ethan Cramer-Flood:

All right. [inaudible 00:24:32] be that much. Cannot be that much.

Man-Chung Cheung:

I give it the lowest.

Ethan Cramer-Flood:

My guess was Bill has a 17 year old. And you're guessing the real Bill?

Man-Chung Cheung:

Oh, you guys spent time together on TikTok? That that's another possibility. I would say in the thirties.

Bill Fisher:

Thirties. What do you say, Paul?

Paul Briggs:

48, I think.

Bill Fisher:

48 is good. 45 apparently yesterday. But let me go back a week. The weekend is when I really dig into TikTok. Last Saturday, I was on the app for two hours and 45 minutes, if you can believe it. There we go.

Ethan Cramer-Flood:

Come on.



Bill Fisher:

Anyways.

Paul Briggs:

So what you going to do when it's banned?

Ethan Cramer-Flood:

You know, people are going to hear this podcast?

Bill Fisher:

Yeah, I know.

Ethan Cramer-Flood:

Just admitted that.

Bill Fisher:

I've got lots of young listeners. Don't worry. Anyway, Paul, we've got a winner. Well done. Congratulations.

Paul Briggs:

Awesome. I've finally won one of these. Very happy, very happy.

Bill Fisher:

Anyway, that's what I like about this show. We always end with a winner because it is time to call and end to today's show. It's been really, really interesting. Man-Chung, thanks for joining me.

Man-Chung Cheung:

Well, it's great to be here.

Bill Fisher:

Paul, always a pleasure.

Paul Briggs:

Thanks, Bill.

Bill Fisher:

And Ethan, great to have you on the show again.

Ethan Cramer-Flood:

Yeah, good to be back.

Bill Fisher:

And thanks to all of you for listening in today to Around the World, an e-Marketer podcast made possible by Meltwater. Tune in tomorrow for our Behind the Numbers Daily Show hosted by Marcus. If you want to ask us any questions, you can of course, email us at [podcast@emarketer.com](mailto:podcast@emarketer.com). I'll give you all a no offense intended wave goodbye, and hope to see all of you next month for another edition of Behind the Numbers Around the World. Bye for now.