

Major brands like Apple are upping their TikTok ad spend

Article

The news: Despite the shadow of a looming TikTok ban [growing larger](#), advertiser spending on the platform **grew 11% in March**, per Sensor Tower data.

- The app's top spenders included **Apple, Pepsi, DoorDash, and Amazon**. Additionally, top ad agencies like **GroupM** and **Omnicom** have not advised clients to pull back TikTok spending,

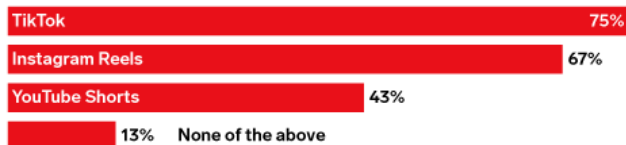
per Financial Times reporting.

Shrugging it off: TikTok’s still-strong user growth and positive perception among younger people means brands can feel relatively confident that they won’t face any backlash for advertising on the app. Plus, its **For You** algorithm allows targeting without dealing with thorny ATT rules.

- That also comes alongside relatively cheap rates versus advertising with **Meta** and **Google**. Before TikTok’s fiery US House hearing in March, a Capterra survey of 300 marketers found that 75% were increasing TikTok spending in the next month.
- Post-hearing, TikTok was quick to reach out to brands, sending a memo to advertisers called **“Myth vs Fact”** that highlighted steps the app was taking to increase trust, like storing US user data on **Oracle** servers in the effort called **Project Texas**.
- Still, brands are preparing contingency plans just in case. The Financial Times reports that agencies encouraged clients to include “force majeure” clauses in TikTok contracts and possibly divert spending to other short-form platforms.

Short-Form Video Platforms US Ad Buyers Say Their Largest Clients Are Advertising on, Dec 2022

% of respondents



Note: n=50 based on spend weighted basis
Source: Cowen, “Ad Buyer Survey XI: ‘23 Outlook Suggests Modest Growth Despite Recession Fears,” Jan 11, 2023

280732 eMarketer | InsiderIntelligence.com

The usual suspects: It’s no secret what those “other” short-form platforms are. If TikTok gets banned, Meta and Google’s video offerings will benefit greatly—which itself is a reason a ban might not happen, since regulators have been battling Meta and Google in recent months.

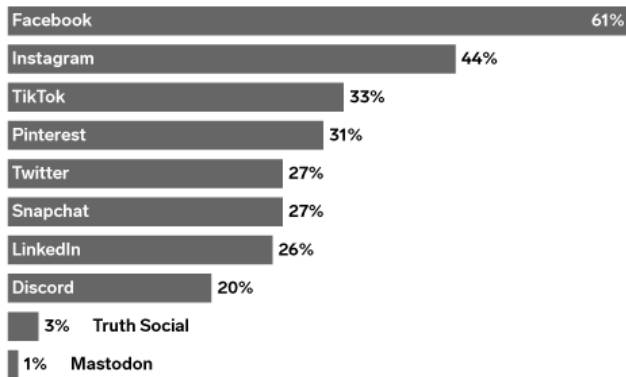
- If **Reels** and **YouTube Shorts** started out as unceremonious TikTok copycats, now they’re becoming **significant rivals** to the platform. **YouTube’s** Q1 ad revenues disappointed, but Shorts were a bright spot and hit a viewership landmark. Meta, meanwhile, has bolstered its advertising tools to sweeten its potential as a landing pad.

- The real showdown between short-form apps will take place in early May during **Newfronts**. Meta, TikTok, and YouTube will all present and attempt to woo advertisers into spending with them. While TikTok’s presentation will have hefty baggage to overcome, Meta and YouTube have a simple proposition: The government doesn’t want to ban us.

Our take: As loud as the clamoring is for a TikTok ban, it’s still unlikely for the US—even with multiple world governments restricting the app to varying degrees. Because of that and TikTok’s popular status with young users, advertisers will likely continue to spend on the app and may only pivot to other platforms as a last resort.

Social Platforms Used by US Teens and Adults, Jan 2023

% of population



Note: ages 12+
Source: Edison Research, "The Infinite Dial 2023" with support from Amazon Music, Wondery, and ART19, March 2, 2023

280756

eMarketer | InsiderIntelligence.com