

After CEO testimony, TikTok may be in more trouble than we thought

Article

The news: TikTok CEO Shou Zi Chew testified before the **US House Energy and Commerce Committee** on Thursday, addressing concerns about data privacy, the platform's influence on young users, and ties to China.

- Chew emphasized TikTok's commitment to user safety, data protection, and independence from government manipulation.
- He shared details about **Project Texas**, a plan to alleviate data privacy concerns, and discussed the need for industrywide solutions to tackle privacy and content moderation issues.
- Chew insisted on the company's commitment to transparency and independence, highlighting its content moderation process that combines AI technology and human reviewers.

Why it matters: Considering the Chinese government is expected to [block a sale of TikTok](#) to a US company, much rides on Chew's ability to work with Capitol Hill.

Clock ticking down? The future of TikTok in the US remains uncertain, as lawmakers were largely unconvinced by Chew's defense on national security and data privacy concerns.

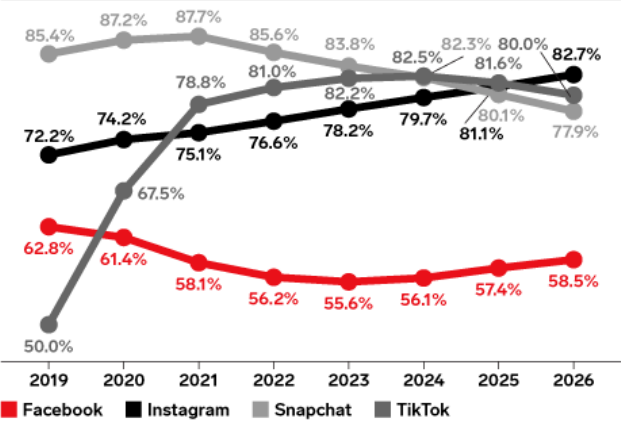
- A potential ban would significantly affect TikTok's business; the US contributes to **nearly half of its global ad revenues** and a substantial portion of in-app purchases.
- It's challenging to estimate how a TikTok ban would influence the US economy, as many of those advertising and creator economy dollars would shift to US-based companies like **Meta**.
- If TikTok is banned, the two most likely beneficiaries are **Instagram** (Reels) and **YouTube** (Shorts), as detailed in [our recent report](#).
- For advertisers, CPMs could rise if the market has one less social platform.

Our take: Congress is making a reasonable yet inconsistent argument to remove TikTok from US users' phones.

- All social media platforms face privacy and security challenges—something the committee was loath to admit during Thursday's hearing.
- Some of TikTok's issues stem from its strong influence on young audiences—but it's worth noting that Instagram and **Snap** have similarly high penetration among Gen Z users.

US Gen Z Facebook, Instagram, Snapchat, and TikTok Users, 2019-2026

% of social network users



Note: internet users born between 1997 and 2012 who access the referenced social network via any device at least once per month

Source: eMarketer, Dec 2022

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