

TikTok tries to help usher in an age of machine learning advertising

Article

The news: TikTok announced **Smart Performance Campaigns** at its TikTok World event, an ad product that uses machine learning to “run performance campaigns at scale, while reducing the number of manual steps to drive results.”

Who is this for? Smart Performance Campaigns are one of the few advertising tools on a major social media platform that uses machine learning. TikTok is hoping that introducing

automation will help small businesses and large brands take advantage of TikTok ads.

- TikTok highlighted four ideal customers who can benefit from the product: Advertisers who are **new to TikTok, small-to-medium businesses, highly performance-oriented advertisers, and gaming advertisers**.
- In its announcement, TikTok said that Smart Performance Campaigns outperformed manually set up campaigns by 80% in early tests.

The AI-driven ad channel: Trust in digital advertising channels is shaky at the moment, which makes it a difficult time for platforms to launch AI-driven ad tools that have yet to be proven.

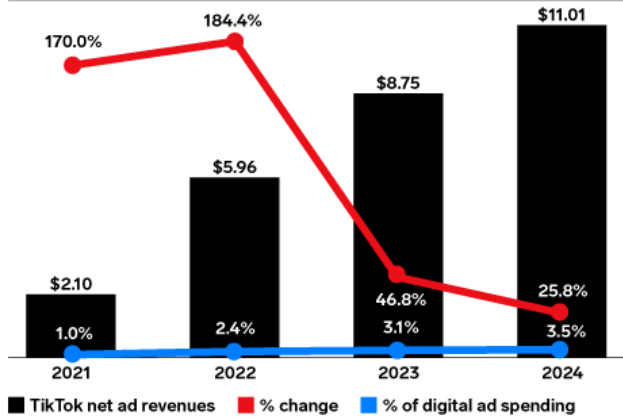
- But because TikTok is such a leader in social media advertising at the moment, it's in a position to test new products. TikTok's ad revenues will triple this year, surpassing both **Twitter** and **Snap** combined.
- Its "For You" algorithm allows the app to feed users content highly specific to their interest, which has helped it circumvent the **AppTrackingTransparency** troubles that have plagued other social platforms.
- While other platforms have used AI tools like art generators or text readers, few machine learning advertising products are on the market, making TikTok's Smart Performance Campaigns experiment one to watch.

The big takeaway: With its significant lead over social media competitors, TikTok is in a position to test new ad technology that could help it maintain its position after the current addressability crisis boils over.

- But while its new product is worth keeping an eye on for advertisers of all sizes, TikTok is facing existential legal problems that could hamper its ad tech ambitions.

US TikTok Net Ad Revenues, 2021-2024

billions, % change, and % of digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, March 2022

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