

# Earlier this month, TikTok reduced its global revenue goals by \$2 billion, but its real headwinds could be regulatory

Article

TikTok's **downgrade** to about \$10 billion for 2022 puts revenue estimates more in line with our own, which have TikTok at \$9.89 billion in ad revenues this year, up from \$3.88 billion in 2021.

- That shift is a “medium” deal, according to our analyst Debra Aho Williamson, speaking on our **“Behind the Numbers: The Daily”** podcast. TikTok is not immune to the global ad slowdown. But TikTok’s previous expectations were so high that even with a lower outlook, its global ad revenues will still grow by over 150% year over year.

**Proceed with caution:** Being on TikTok is a must, but advertisers need a contingency plan considering regulators’ weariness of potentially shady data practices.

- “I don’t think TikTok has done a good enough job yet of convincing the regulators and the government officials that user data isn’t shared with China,” said Williamson.
- And while both young people and marketers aren’t particularly concerned about that angle yet, a government-enforced TikTok ban or restrictions could still change everything.

**Good outlook:** In 2027, 37% of online video ad dollars **worldwide** will come from TikTok, according to Omdia.

- As soon as 2024, TikTok will make nearly \$19 billion in worldwide ad revenues. While Instagram will still have nearly \$60 billion in ad revenues, the Chinese app is giving Meta a run for its money—quite literally.
- TikTok will beat **Facebook** in US influencer marketing spend this year, and we project it will oust YouTube in 2024, leaving only Instagram unbeaten. That’s a major shakeup for an app that made up just 2.3% of US influencer marketing spend in 2019.
- “It’s really amazing the way TikTok is driving trends,” said Williamson, noting the sheer abundance of content on the app.

**Key point:** TikTok’s not a magical, recession-proof advertising platform, but it is growing faster than any competitor. The platform is set up for marketing success in the US and abroad. But before throwing all your ad dollars into learning new dances, beware potential regulatory hiccups further down the road.

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