

# European Media Markets

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## The European Social Media Market:

#TikTokMadeMeBuyIt

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Social media platforms have revolutionised the approach towards marketing and advertising over the last twenty years. Despite the market currently being dominated by Digital Gatekeepers (Meta, Alphabet, etc), a new player has come on the scene: TikTok. The COVID-19 pandemic saw the platform swiftly rise to popularity among younger generations. More than just a space to showcase users' creativity, TikTok became a place for sharing insights and recommendations on products. This White Paper focuses on the success of TikTok, User-Generated content (UGC) and the #TikTokMadeMeBuyIt (#TTMMBI) phenomenon, which has transformed into an established social media marketing approach.

### Highlights

TikTok's algorithmic approach to content delivery has allowed influencers to emerge in every niche and industry. This has far-reaching implications for marketers trying to establish a presence and connect with creators who are relevant to their target audiences.

TikTok has experienced immense growth in Europe and has become the first social media app to initiate a Creator Marketplace.

TikTok's success lies in how it targeted Generation Z by promoting content with which they would connect and engage. TikTok's use of User Generated Content (UGC) increased the perceived authenticity of the content produced and has led to nearly one out of two TikTok users buying something they have seen on the platform.

## 1. Social media marketing and influencer marketing

Social media's impact comes from influencing its audience through relatable, pleasing and/or engaging content. Other than being relatively new on the social media scene, TikTok occupies a niche as a platform for genuine content - the platform prioritises authenticity and candidness. This led to the emergence of a new type of influencer: TikTokers. These individuals shape not only behavioural trends such as dances or make-up styles but also purchasing behaviour.<sup>1</sup>

Traditionally, corporations invest in well-known influencers to create for and push branded content to their followers with the goal of increasing brand awareness and purchase intentions. This created a brand-new advertising tool: Influencer Marketing (IM). In 2020, IM represented a \$10 billion industry worldwide and is becoming an increasingly important tool in the business-to-consumer (B2C) market.<sup>1</sup> A 2022 Benchmark report shows that the IM industry is expected to reach approximately \$16.4 billion by the end of 2022.

<sup>1</sup> Enke, N., & Borchers, N. S. (2019). Social Media Influencers in Strategic Communication: A Conceptual Framework for Strategic Social Media Influencer Communication. *International Journal of Strategic Communication*, 13(4), 261–277.

In 2021 alone, IM-focused platforms raised more than \$800 million in funding, demonstrating the industry's rapid growth and the global number of IM-related service offerings increased by 26%, reaching a remarkable 18,900 firms offering IM services. More than 75% of brand marketers plan to spend money on influencer marketing in 2022.<sup>2</sup> Most importantly, TikTok has blurred the line between content and eCommerce; certain TikTok creators entertain and promote their audiences at the same time. From 2017-2019, TikTok engagement increased globally 15-fold.<sup>3</sup>

## 2. TikTok Market Mapping & Growth in Europe

TikTok was officially launched in Europe in the UK in late 2017 and the rest of the EU in 2018. 2022 data indicated that TikTok has 102 million installs in Europe, Britain leading the way with almost 1-in-4 residents using the app.<sup>4</sup> As of February 2023, the app had reached 150 million active monthly users in the EU.<sup>5 6</sup>

Research by Kantar indicated that users are less likely to perceive ads negatively on TikTok and find them more trendsetting than ads on other social media platforms.<sup>7</sup> In Europe, the app's market share soared from \$118.7 million in 2019 to \$644.3 million in 2020.<sup>8</sup> As advertisers increased their spending on the platform, the turnover grew by 545% to \$170.8 million in the same year.<sup>9</sup> Today, Marketers can reach roughly up to 11.2%<sup>10</sup> of all the people using TikTok. Since the company only publishes advertising audience data for users aged 18+, the figure is likely higher as indicated. In Europe this includes:<sup>11</sup>

Eastern Europe	Western Europe	Northern Europe	South of Europe
86.3 million users	45.7 million users	30.3 million users	32.2 million users

The app's strength in Europe is evident with 16% of marketers having planned to include it in their advertising strategy in 2019, a number which grew to 68% in 2021.<sup>12</sup> Furthermore, TikTok is influencer-centric while focusing on leveraging the content creators themselves. This is because micro-influencers have an engagement rate (the total number of likes, comments & shares compared with total views)<sup>13</sup> of about 18% and mega-influencers have an engagement rate of about 50% - much further ahead than both Instagram and YouTube.<sup>14</sup>

Originally starting with the US, TikTok has since introduced its Creator Fund – the app's way of sharing its advertising income with successful creators. The company has committed £231 million for European creators (limited to the UK, Germany, Italy, France, and Spain, at the time of writing) for 2021-2024.<sup>15</sup> With the Creator Fund in Europe, TikTok also became the first social

<sup>2</sup> Haenlein, M., Anadol, E., Farnsworth, T., Hugo, H., Hunichen, J., & Welte, D. (2020). Navigating the New Era of Influencer Marketing: How to Be Successful on Instagram, TikTok, & Co. California Management Review, 63(1), 5–25. <https://doi.org/10.1177/0008125620958166>

<sup>3</sup> Haenlein, M., Anadol, E., Farnsworth, T., Hugo, H., Hunichen, J., & Welte, D. (2020). Navigating the New Era of Influencer Marketing: How to be Successful on Instagram, TikTok, & Co. California Management Review, 63(1), 5–25. <https://doi.org/10.1177/0008125620958166>

<sup>4</sup> Chapple, C. (2022). European Consumer Spending in Mobile Apps Grew 23% in 2021 to More Than \$18 Billion. <https://sensortower.com/blog/european-app-revenue-and-downloads-2021>

<sup>5</sup> Sutcliffe, C (2023, 17 February) TikTok reveals 150m monthly users in Europe, here's how it stacks up to other platforms. <https://www.thedrum.com/news/2023/02/17/tiktok-reveals-150m-monthly-users-europe-here-s-how-it-stacks-up-other-platforms>

<sup>6</sup> Active monthly users are defined by the European Union's Digital Services Act as: "a recipient of the service that has engaged with an online platform by either requesting the online platform to host information or being exposed to information hosted by the online platform and disseminated through its online interface". See van Hoboken, J. ten Thije, P. (2022, October 10). Average monthly active recipients in the DSA: definition, grey areas, and how to calculate? <https://dsa-observatory.eu/2022/10/10/average-monthly-active-recipients-digital-services-act-dsa-definitions-grey-areas-how-to-calculate/>

<sup>7</sup> Worldfinance.com (2022). TikTok made me buy it. <https://www.worldfinance.com/strategy/tiktok-made-me-buy-it>

<sup>8</sup> Shead, S. (2021). TikTok's turnover grew by 545% in Europe last year—But losses are mounting. CNBC. <https://www.cnbc.com/2021/10/04/tiktoks-turnover-grew-by-545percent-in-europe-in-2020-but-losses-are-rising.html>

<sup>9</sup> *ibid.*

<sup>10</sup> DataReportal. (2022, February 28). The Latest TikTok Stats: Everything You Need to Know. DataReportal – Global Digital Insights. <https://datareportal.com/essential-tiktok-stats>

<sup>11</sup> *ibid.*

<sup>12</sup> Lingja. (2021). The State of Influencer Marketing 2021. <https://www.lingja.com/insights/the-state-of-influencer-marketing-2021/>

<sup>13</sup> Keyhole (2023, 3 May) How to Calculate TikTok Engagement Rate? <https://keyhole.co/blog/tiktok-engagement-rate/>

<sup>14</sup> Geysler, W. (2019, January 11). TikTok Statistics – 63 TikTok Stats You Need to Know [2022 Update]. Influencer Marketing Hub. <https://influencermarketinghub.com/tiktok-stats/>

<sup>15</sup> Newsroom. (2019, August 16). TikTok Creator Fund: Your questions answered. Newsroom | TikTok. <https://newsroom.tiktok.com/en-gb/tiktok-creator-fund-your-questions-answered>

media platform to launch a Creator Marketplace. With over 15,000 officially approved creators, it is the first platform to allow brands and marketers to choose from trusted and vetted influencers. No other social media platform currently offers this, giving TikTok an advantage over other 'spammy' bot-marketing practices prevalent on the internet.

### 3. The Transition Towards User-Generated Content

When TikTok entered the market, it targeted a different demographic compared to Instagram, Facebook, and Twitter. Users on Facebook and Twitter tend to be in their 40s, Instagram attracts consumers in their 30s, and TikTok in their 20s and younger. TikTok's largest user base is Generation (Gen) Z - born 1997-2012 - considered mobile-natives. As a result, Gen Z has a different relationship with platforms when compared to other demographics and demands that brands adapt accordingly. IM is a particularly important approach for marketers of which User-Generated Content (UGC) has become a natural development within these new media consumption patterns.<sup>16</sup>

One trend is '#TikTokMadeMeBuyIt' (#TTMMBI). Through this hashtag, TikTok users can share their experiences with and views on different products and services which, as of 2021, has resulted in 7.4 billion worldwide views. Being featured via #TTMMBI can lead to higher demand and has resulted in some cases to out-of-stock shelves and months-long waitlists for products. Key industries for this trend are: clothing, travel, dining and beauty. By highlighting the products and places, these videos organically market them. Mostly, the creators of these #TTMMBI videos are not paid by the brands and create this content just to share their experiences.<sup>17</sup> Since users are behind the content creation, the investment from brands is minimal, while being the benefactors. In comparison to traditional IM, UGC is considered more authentic (63% of TikTok users agree). Additionally, statistics show almost one out of two TikTok users have bought something they have seen on the app.<sup>18</sup> Stackla's report 'Consumer & Marketing Perspectives on Content in the Digital Age', surveying 1,590 consumers and 150 B2C marketers from the U.S., UK and Australia found:<sup>19</sup>

Users who can distinguish between brand-created & UGC	UGC highly impacts their purchasing decisions	Branded content is more impactful	Influencer (in the typical sense)-created content is more impactful	UGC is more authentic
70%	79%	13%	8%	63%

### 4. #TikTokMadeMeBuyIt - Case Studies

TikTok's advertising platform makes a clear distinction between 1) In-Feed Ads and 2) UGC. Curiously, UGC on TikTok generates a higher conversion rate (users purchasing an item after seeing it featured) than In-Feed ads. This comes in-line with Gen Z's desire for authentic, native content but contrasts with other platforms where the inverse is true. Due to the newness of the 'TikTok for Business' advertising tool (launched in Europe in 2019) compared to similar digital marketing equivalents, independent analyses and statistics for its impact are scarce. With this limitation considered, two case studies for marketing on TikTok are presented below:

#### Little Moons' In-Feed Ads campaign on TikTok

Little Moons is a British dessert company which turned to TikTok to generate brand awareness and increase brand engagement with Gen Z. It ran a low-budget campaign on TikTok, creating content in-house, positioned on relevant and timely platform trends, followed by paid promotion. Little Moons chose the platform's 'One Day Max' solution, which integrates ads natively (appearing the same as 'normal' content on the platform) and "*delivers a short, sharp punch of exposure, allowing brands to move away from the hard sell and, instead, deliver content that inspires, engages and entertains.*"<sup>20</sup> In 2 months, the campaign generated 6.7 million

<sup>16</sup> Haenlein M, Anadol E, Farnsworth T, Hugo H, Hunichen J, Welte D. (2020). Navigating the New Era of Influencer Marketing: How to be Successful on Instagram, TikTok, & Co. California Management Review. 2020;63(1):5-25. doi:10.1177/0008125620958166

<sup>17</sup> Urrutia, Kevin. (2019). User-Generated Content as an Affordable and Effective Marketing Strategy. <https://www.forbes.com/sites/theyec/2019/04/16/user-generated-content-as-an-affordable-and-effective-marketing-strategy/?sh=16aac6493fb9>

<sup>18</sup> World Finance. (2022). TikTok made me buy it. <https://www.worldfinance.com/strategy/tiktok-made-me-buy-it>

<sup>19</sup> Nosto (2019, February 20), The Consumer Content Report: Influence in the Digital Age. <https://www.nosto.com/resources/report-consumer-marketing-perspectives-on-content-in-the-digital-age/>

<sup>20</sup> TikTok for business Europe (n.d.) Little Moons. <https://www.tiktok.com/business/en-US/inspiration/little-moons-214>

impressions and an engagement rate of 40% higher than a typical food brand.<sup>21</sup> Importantly, sales in this period increased by 1300% at the UK's biggest supermarket.<sup>22</sup>

### Spotify's #HowDuoYouListen campaign on TikTok

Swedish music-streaming service, Spotify, ran the #HowDuoYouListen campaign to raise awareness for the 'Duo' premium subscription launching in Germany.<sup>23</sup> It leveraged 'nudged' UGC, with the company creating a filter, audio track and hashtag. At date of writing, users have submitted over 280 thousand videos, with increases in brand awareness, familiarity, and ad-recall. Importantly, it reached a 5% click-through-rate, nearly double the 1.5%-3% In-Feed ads normally generate.<sup>24</sup>

## 5. Conclusion

Social media- and influencer-marketing strategies have changed around Europe in the last years as the space witnesses a new player: TikTok. With an approach which champions candid content produced by 'regular', non-influencer users, new ways of marketing were created which target mostly Gen Z's through authenticity. There has been a shift in how advertisers and marketers approach this new space. User-Generated Content can influence trends, has low risks and costs for brands looking to expand their client base, build brand awareness and increase sales. This approach, not only led to the creation of #TikTokMadeMeBuyIt but reorganised how and where money can be made in/from social media in Europe.

### Recommendation 1 - Research on Influencer Marketing use cases in Europe

TikTok needs to cement its position as a marketing tool, rather than just a social media platform and investigate trends. Furthermore, it should expand on the strategic partnerships which helped it to grow in the region.

### Recommendation 2 - Analysing which type of TikToks are best at selling

It is important that companies conduct research on the impact of and trends in user-generated content to keep marketing strategies relevant. There is more research to be done within the field of businesses leveraging UGC.

### Recommendation 3 - Watching the movements of TikTok's competitors

The future of TikTok in the European social media market is going to be heavily influenced by the movements of the biggest competitors: Meta and Alphabet. In the rapidly changing environment of platforms, it is important to stay relevant within this ecosystem.

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<sup>21</sup> Fanbytes (n.d.) TikTok Boosts Sales by 700% for Little Moons: What Can Food Brands Learn from this Trend? <https://fanbytes.co.uk/little-moons-on-tiktok/>

<sup>22</sup> Langford, R. (2021, December 28) The year in TikTok: insights from the brands getting a billion views. <https://www.performancemarketingworld.com/article/1740201/year-tiktok-insights-brands-getting-billion-views>

<sup>23</sup> TikTok for business Europe. (n.d.). Spotify. <https://www.tiktokforbusinessseurope.com/inspiration/spotify/>

<sup>24</sup> Funnel.io. (2021). A complete guide to Tiktok Ads for digital agencies. <https://funnel.io/blog/a-complete-guide-to-tiktok-ads-for-digital-agencies#:~:text=Also%2C%20all%20of%20the%20ad.and%201.5%2D3%25%20CTR>