



TREND REPORT



SNAP & TIK CHAT TOK



TREND REPORT: SNAPCHAT & TIKTOK


Over the last decade, social media has been dominated by the blue hues of Facebook and its photo sharing counterpart, Instagram. Likewise, advertisers have grown to associate these platforms as significant to their digital marketing strategy. This has recently been disrupted by the emergence of new social media platforms such as Snapchat & TikTok. Changes in how users consume content, the rise of mobile video, and the undeniable lure of leaving old platforms for trendier new ones are responsible for their rise. First adopters to the apps have been primarily younger audiences, approaching them as part of a larger creative movement and molding internet culture along the way. In the last few years, these platforms have matured, catching the eye of even more users while also offering advertising products as part of their monetization strategy. This has grabbed the attention of marketers and brands alike who want to diversify and “future proof” their digital advertising efforts, putting Snap & TikTok as potential shapers of social media marketing for years to come.



SWAPCHAT


With a community of over 265 million daily users, and many of those individuals unique to Snapchat, advertisers are able to tap into audiences not yet captured by competitors, all at a fraction of inventory costs of other platforms¹. Reaching 75% of millennials and Gen Z, Snapchat is a necessary platform to consider for reaching newer and younger audiences - many of whom are just now developing their brand preferences, are open to and frequently exploring new apps and experiences, and possess sway over their household purchasing decisions. In addition to granting advertisers access to these mobile-first generations, Snapchat is committed to setting it's advertising potential apart by (1) heavily investing in augmented reality as a tool for driving monetization, (2) keeping audiences captivated with original content that features non-skippable ads, (3) connecting brands seamlessly with their users through unique in-app opportunities, and (4) looking ahead to compete with TikTok and Instagram Reels through the launch of Snapchat Spotlight.

¹Snapchat. (2021). <https://forbusiness.snapchat.com/advertising/why-snapchat-ads>.



1 **SNAPCHAT EMBRACES AUGMENTED REALITY AS CRUCIAL TO ADVERTISING'S EVOLUTION**

CEO of Snapchat, Evan Spiegel, confirms that their augmented reality platform is heavily integrated into Snapchat's plans for 2021. Snapchat is working to unlock new camera capabilities, such as allowing "more than 200 beauty brands to upload thousands of SKUs" and using face-changing neural rendering abilities to open up a wealth of options for fashion and beauty verticals, among many others. Snap is committed to using AR to provide value to businesses by creating new, intuitive customer experiences, paired with its already powerful advertising platform. In a beta test with over 30 brands of various genres, Snap found that virtual try-on experiences resulted in users being 2.4x more likely to purchase².



Champs Sports was the first athletic retailer of its kind to utilize Snapchat's AR experience in 2020, with customers being able to access digital versions of the promoted shoes on their feet by either selecting a branded lens in the app's carousel of options or by scanning Champ's Snapcode with the in-app camera. This resulted in an average share rate of 8%, 5 times higher than other retailers on average, and enabled easy purchases with the tap of the "Shop Now" button.



²ZDNet. (2021). How Snap aims to turn augmented reality into a monetization machine. Available at:

<https://www.zdnet.com/article/how-snap-aims-to-turn-augmented-reality-into-a-monetization-machine/> (ARTICLE #4)



DOUBLING DOWN ON EXCLUSIVE CONTENT - WHERE PREMIUM INVENTORY COMES INTO PLAY



In recent years, Snapchat solidified its position in the premium video market with continued investment in Discover & Snap Originals. 2020 revealed that “more than half of the U.S Generation Z population are watching Snap Originals,” including shows like NBC News and Nikita Unfiltered⁴. Snapchatters’ increased consumption of video on mobile reveals the potent reach of high quality, short-form content, as well

as advertisers’ opportunity to unlock premium inventory. As more brands shift linear TV dollars into digital channels, businesses should consider this curated content space. These video ads are ideal for brand awareness and maximizing visibility, as they are non-skippable for the first six seconds. For now, this ad format is only available in select countries, such as the United States, United Kingdom, and Canada.



SNAPCHAT RAMPS UP MOBILE INITIATIVES VIA IN-APP ADVERTISING

By building more profound and meaningful connections with Snapchatters today, the social platform is expecting to drive over 50% YoY increases in revenue in the foreseeable future⁵.

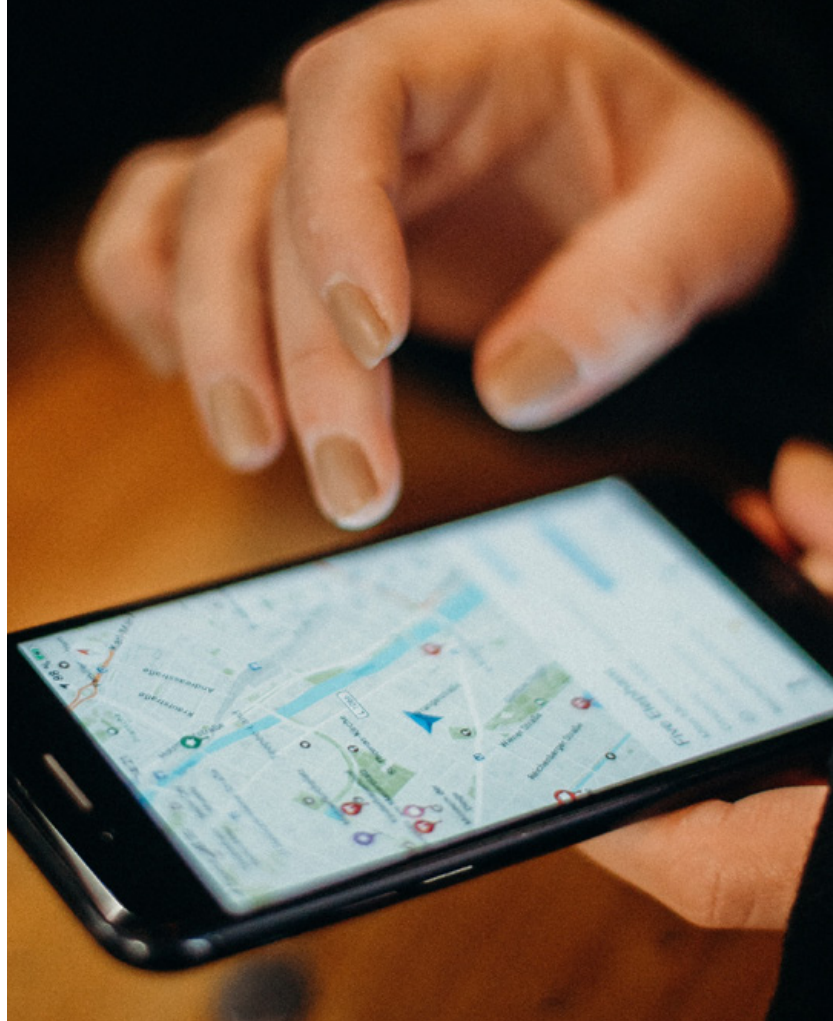
One way to build this network is by connecting businesses with users around them and utilizing Snap Map⁶. On Snap Map, users can view Snaps submitted by Our Story all across the world. While friends can share their locations and see what's going on around them, brands can also leverage location marketing with new objectives such as "Promote Local Place." Small businesses might find this especially valuable for offering exclusive discounts and driving in-store traffic from local users. 35 million businesses are currently on Snap Map. This is



ultimately an untapped feature of the app that could become more popular as lockdown restrictions are pulled back and shops slowly begin operating at full capacity.

For more prominent brands looking to ensure reach with high frequency, Snapchat offers Platform Burst Campaigns that guarantee at least a 40% reach of the business's target audience, 15

times over the course of three to five days. The quick repetition of ads during a short period is perfect for moments like product launches during holiday seasons where costs may fluctuate with intense competition⁷. Given that more than 60% of users skip Snapchat ads, this repetition increases the chances of ads being viewed by a concentrated group of people⁸.



⁵Variety. (2021). *Snap Acquires Apparel-Sizing Analytics Firm to Boost Snapchat Shopping Features*. Available at:

<https://variety.com/2021/digital/news/snap-buys-fit-analytics-snapchat-shopping-1234932628/> (ARTICLE #9)

⁶ZDNet. (2021). *How Snap aims to turn augmented reality into a monetization machine*. Available at:

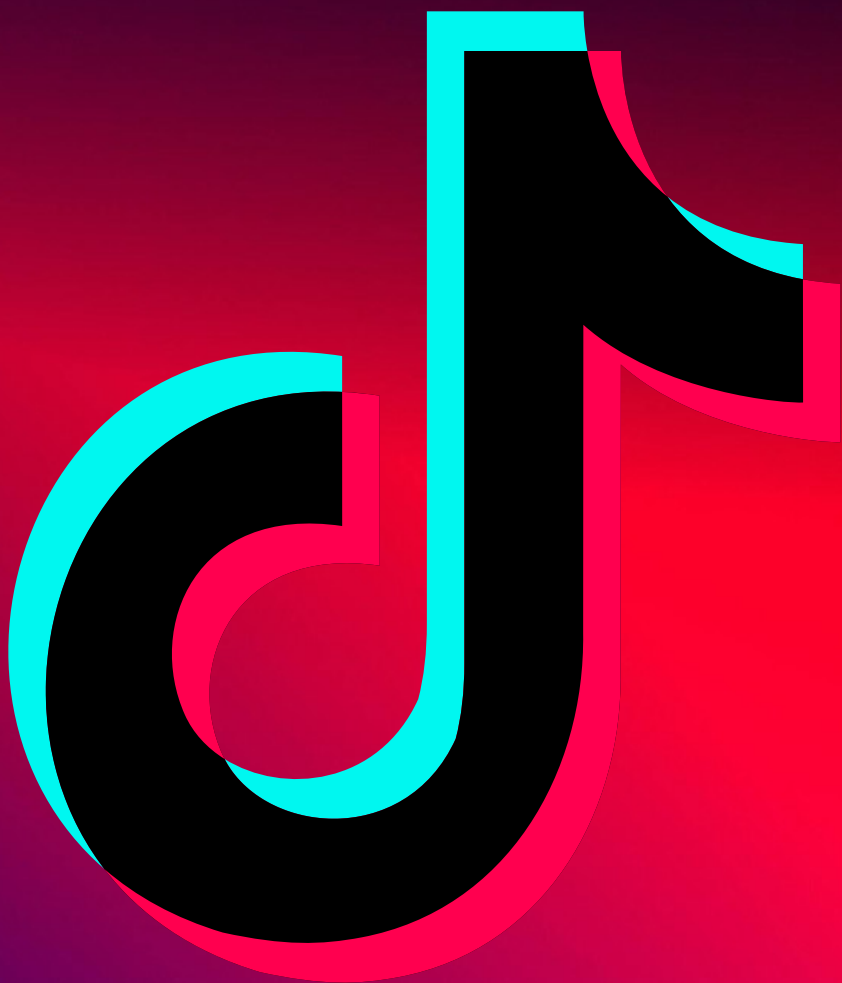
<https://www.zdnet.com/article/how-snap-aims-to-turn-augmented-reality-into-a-monetization-machine/> (ARTICLE #4)

⁷Digiday. (2020). *Snapchat is pitching high-frequency, high-reach 'Platform Burst' ad campaigns*. Available at:

<https://digiday.com/media/snapchat-is-pitching-high-frequency-high-reach-platform-burst-ad-campaigns/> (ARTICLE #1)

⁸Social Media Today. (2017). *On Snapchat's Ad Performance, in Comparison to Industry Benchmarks*. Available at:

<https://www.socialmediatoday.com/social-business/snapchats-ad-performance-comparison-industry-benchmarks> (ARTICLE #6)



YOLO

With the possibility of a national ban diminishing over the last few months, TikTok has continued its growth as the top social media platform for mobile video. The platform's growth picked up steam last year coming in as the most downloaded app of 2020. The app is capturing larger audiences, and engagement is higher than other social media platforms. Time spent on TikTok has gone up 325% YoY¹⁰, and TikTok is now beating Facebook in terms of hours spent per user per month. TikTok is projected to hit 1.2 billion users in 2021, with countries such as Norway (289%), Russia (140%), Netherlands (94%) and France (88%), seeing the biggest year over year user growth¹¹. New TikTok users have also matured the overall demographic as well, with adults on the platform increasing 5x in recent years¹².

¹⁰Short Video Apps Are Expanding their role in Social Commerce

<https://www.emarketer.com/content/short-video-apps-expanding-their-role-social-commerce>

¹¹TikTok User Base Increase By Triple Digit Percentages in some Countries

<https://www.emarketer.com/content/tiktoks-user-base-will-increase-by-triple-digit-percentages-some-countries>

¹²TikTok Statistic <https://www.oberlo.com/blog/tiktok-statistics>


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TIKTOK AS A SOCIAL COMMERCE PLATFORM

TikTok has a strong purchase driving power with 28.2% of users aged 16-21 years confirming they had purchased at least 1 product seen on Tik Tok. TikTok is positioning itself to work as a social commerce platform where users can experience the entire customer journey from product awareness to purchase, without ever leaving the app. Towards the latter end of 2020, TikTok partnered with Shopify, allowing advertisers to easily provide shoppable experiences and measure campaign performance. TikTok also tested shoppable live streaming with Walmart, where users are able to learn about and purchase products through the live stream itself. TikTok is creating additional social commerce opportunities for creators by partnering with companies such as Teespring to help them sell merchandise.

<https://www.marketingdive.com/news/walmart-enlists-top-tiktok-creators-for-first-of-its-kind-shoppable-livestr/592367/>
<https://www.searchenginejournal.com/tiktok-beats-facebook-in-time-spent-per-user/392643/#close>
<https://wearegrowthhack.com/2020/10/19/how-to-use-tiktok-to-increase-your-amazon-products-sales/>
<https://www.kenjiroi.com/tiktok-influencer-sells-10000-units-in-1-day-on-amazon-scott-needham-of-buyboxer/>





Direct-to-consumer brands selling products that are under \$200 are seeing positive advertising performance on TikTok, with higher conversion rates compared to luxury brands or products with longer sell-cycles. This performance speaks to the younger skewing demographic on TikTok and their purchasing capabilities. Mobile apps have also seen strong performance, making it easy to install from one app to the other. In terms of best practices, brands are experiencing a higher return from creating ads that fit seamlessly into users' feeds,



making the content feel more organic rather than polished advertising. TikTok has been successful in driving Amazon sales and popularizing products. Through the use of hashtags such as #AmazonFinds, and the incorporation of Amazon shops, sellers are able to create brand awareness and promote their products. These features also add an additional layer of credibility from the positive reviews by users who have purchased the products.

¹⁰Short Video Apps Are Expanding their role in Social Commerce
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¹¹TikTok User Base Increase By Triple Digit Percentages in some Countries <https://www.emarketer.com/content/tiktoks-user-base-will-increase-by-triple-digit-percentages-some-countries>

¹² TikTok Statistic <https://www.oberlo.com/blog/tiktok-statistics>

VERTICAL WINS AND BEST PRACTICES (TIKTOK + AMAZON)



3 INFLUENCER'S PLACE IN TIKTOK

Short form video formats are dominating influencer marketing campaigns, with TikTok at the forefront of this trend. With users allowed to link their Instagram and Youtube profiles with their TikTok accounts, creators who already use these platforms have an easy transition to TikTok, and new influencers are able to grow their brand. The TikTok algorithm does not consider the number of followers or past video performance when serving videos, giving new creators more opportunities to go viral or become famous. The TikTok algorithm also creates niches which all influencers can be grouped under, allowing brands to choose influencers whose niche and audience aligns with the demographic they are trying to reach.



TikTok's candid advice to advertisers is "Don't Make Ads, Make TikToks". This statement, while short, is having a massive impact on how marketers are approaching the platform. Marketers are quickly finding out that they can't simply reuse their Facebook & YouTube ads for TikTok use. The best practices for those platforms don't apply anymore. Age old rules such as "high production videos" or "focus on getting your brand name known"


don't resonate well with the platform's quick fire of short videos. Specs such as vertical video, and making sure sound is on are also important considerations¹³. Aggressive retargeting tactics are shunned on the platform, with users encouraged to simply swipe up if the content does not appeal to them. All these concepts push for a platform that focuses on providing value



TIKTOK'S IMPACT ON DIGITAL ADVERTISING - THE RISE OF UGC



to its users. Unlike most platforms, marketers are awarded a few seconds where their brand is the only image the consumer is able to see - they need to make that time count. This may be why certain forms of content such as UGC performs so well on TikTok. UGC gives license to the creator to demonstrate their creativity and uniqueness while also appealing as a native experience to the user on the other end¹⁴. This “new normal” for advertising is something that is being tested & measured on the performance end as well. Recent studies have proven that TikTok UGC ads scored 32% higher than Branded videos across various human interaction and emotional cues. These qualifications of “authenticity” also saw UGC TikTok ads outperform Facebook Ads (32%) and conventional ads (46%)¹⁵.



UGC content is having lasting effects on how marketers are approaching creativity well beyond just TikTok. Authenticity, trust and inferred brand advocacy are all reasons why this form of content is making an impact in today's saturated media channels. For example, 2020 saw Apple see great success with their #ShotoniPhone campaign. The campaign invited users to submit their photography using the hashtag, showcasing the power of the iPhone 11 Pro cameras in an organic manner. To date the campaign has over 19 million hashtag mentions. We may very well see such trends leak into CTV as well. While TV advertising has merited more traditional value in ads (high production value, the 30 second spot), this may change as more platforms such as YouTube, start offering CTV apps options. As audiences on CTV become younger, so may the trends in the types of ads that we see on apps change as well.

¹³How TikTok Flips The Script In Digital Advertising <https://www.campaignlive.co.uk/article/tiktok-flips-script-digital-advertising/1687726#>

¹⁴The rise of UGC and the race to reflect the 'new normal' in marketing <https://www.thedrum.com/opinion/2020/05/12/the-rise-ugc-and-the-race-reflect-the-new-normal-marketing>

¹⁵Study: User-generated TikTok videos have strong consumer appeal <https://chainstoreage.com/study-user-generated-tiktok-videos-have-strong-consumer-appeal>



