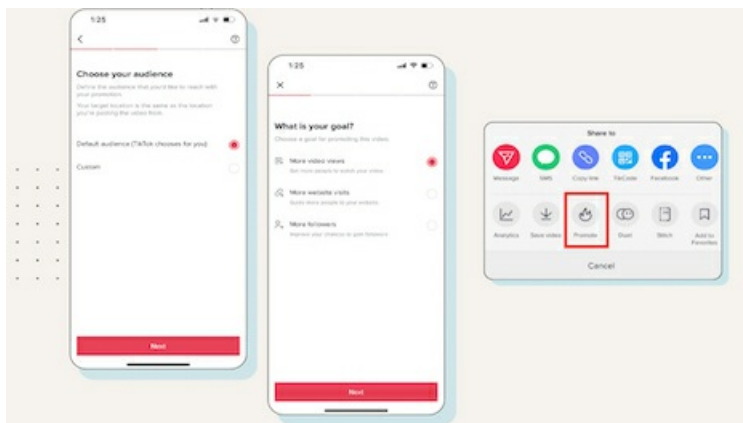


MARKETING

## Luxury could lose ecommerce ground by chopping TikTok budgets during recession: report

February 13, 2023



Brands have always been quick to cut marketing budgets. Experts suggest executives rethink this approach, as 80 percent of TikTok users get ideas about new products and brands from the platform. Image credit: Aspire

By AMIRAH KEATON

TikTok can no longer be relegated solely as a source of entertainment the platform is steadily growing into the role of an ecommerce leader, revolutionizing the top-to-bottom retail marketing funnel in the process, per a new report.

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In the face of economic pressure, brands have historically been quick to place marketing budgets on the chopping block, though a new report from influencer marketing platform Aspire suggests that executives should rethink the approach, especially in the era of TikTok. [The Ultimate Guide to TikTok Influencer Marketing](#) starts with platform performance statistics from 2022 before expanding into insights on campaign measurement best practices and best-in-class influencer case studies, helping advise luxury leaders on what is up next in 2023.

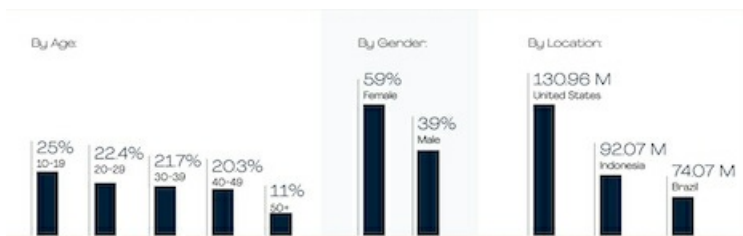
For the report, Aspire taps internal statistics, drawn from the firm's API-informed audience insights, accessed by way of a partnership with TikTok. According to the firm, hundreds of thousands of content creators grant Aspire back end access to their official social accounts, begetting real-time, first-party performance data.

### Big Four

The new release could help to reform influencer strategies industrywide.

First, report learnings are framed with background on the platform's impressive rise to fame, having only hit the U.S. market in 2018. Aspire shares that as of January 2022, TikTok has amassed over 1.2 billion monthly active users.

In the U.S., TikTok users spend the most time on the platform versus any other social media site, averaging over 650,000 new users daily, each spending 38 minutes per day on the platform.



The common misperception that TikTok is just an app for Gen Zers is proven false by Aspire's findings. Platform demographics highlight the importance of working with a range of influencers, age, gender, location, body type, race and following included. Image credit: Aspire

Besides the basics, Aspire hones in on TikTok's unique path to purchase.

The platform has completely changed traditional top-to-bottom retail marketing models in that it encourages users to enter, exit and reenter the "funnel" over and over, at any phase and of their own accord.

Thus, Aspire argues that the process is no longer linear no one step necessarily arrives right after another.

Rather, the "funnel" has morphed into what most closely resembles a "loop" brands have TikTok to thank for constantly leading users from the purchase phase right back into discovery.



Aspire argues that, under the influence of TikTok, the retail marketing model has morphed into what more closely resembles a "loop." Image credit: Aspire

With this in mind, and when choosing to work with content creators, four measurements factor into the equation of TikTok influencer marketing ROI, correlating directly to the discovery, consideration, purchase and participation phases.

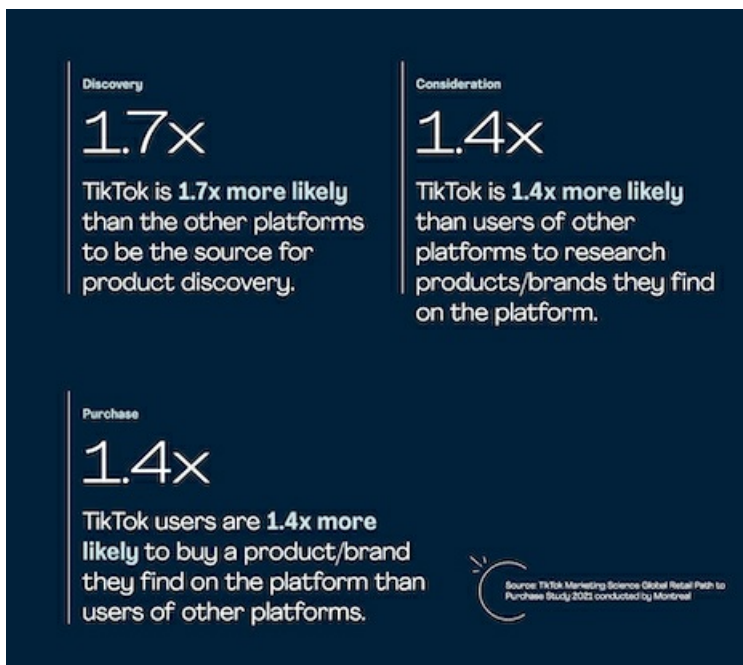
The first being brand visibility, this tenant is key in leading to product discovery.

Aspire provides context in that this step is especially important for first-time market entry, or brand launch, smaller brands in saturated markets such as indie beauty players and high-consideration purchases like diamonds these purchases are made less often, thus awareness becomes crucial.

Evaluation should focus on metrics including views, search volume and web traffic upticks.

Next up on the success measurement scale is a measurement tool that any and all brands should be clued in on. Necessity for long-term growth, Aspire's report considers brand engagement the hero metric for long-term ROI.

Corresponding with the product consideration portion of the "loop," any metric that involves a consumer taking action should be monitored here. This includes likes, but more importantly, post comments and shares, as well as follower growth and add-to-cart selection.



*TikTok users are 1.5x more likely to immediately buy something they discovered on the platform. Image credit: Aspire*

The third measure one that is likely most exciting to brand leadership is direct sales, or product purchase. TikTok is particularly effective here users are 1.5x more likely to immediately buy something they discovered on the platform, according to Aspire.

The key here is balance. Aspire's report suggests that some brands are better positioned to drive direct trackable transactions through influencers, while others must work to bolster factors such as name recognition first, before spending for one-off sales.

The markers of a brand ready to take the leap include stores that have already established social media storefronts and have already achieved awareness and affinity with target audiences.

Once set, metrics for direct sales include promo codes sent and number of sales sparked by influencers, tracked via promo codes and influencer-specific links.

Lastly, cutting content production costs is an added benefit that should be considered when working with influencers.

Figures such as time saved, number of pieces of content, any user-generated content this most closely aligns with the product participation step in the modern retail marketing model and extended performance of said content across other marketing channels are great ways to measure the impact of influencer-generated content.

The report's breakdown proves that negotiating rates according to an influencer's proven track record of achievement across categories areas of focus will, and should, vary depending on the campaign objective at hand for effective ROI is of the utmost importance when it comes to TikTok.

#### Equal footing

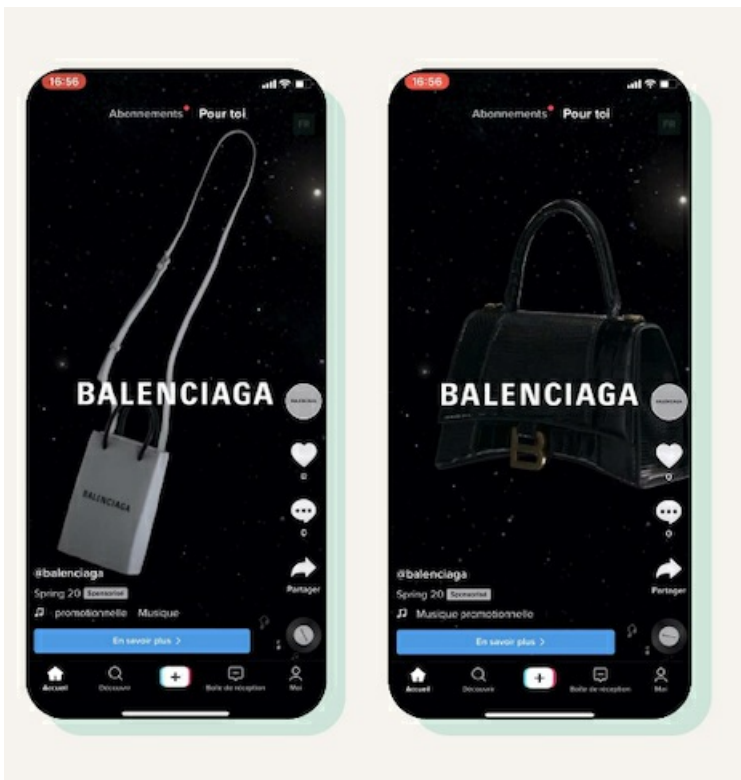
Outside of organic engagement and paid influencer executions, brands have a few options for running paid ads on the platform.

Aspire's report reviews the five main ad types that TikTok currently offers, including In-Feed, TopView and Brand Takeover ads.

Whereas all three are native in format, the prioritization of appearance in-feed marks the main difference between the trio. TopView ads appear within the first 3 seconds of a user scrolling, while Brand Takeover ads pop up as soon as a user opens the app and In-Feeds appear arbitrarily.

The latter costs \$10 per 1,000 views, requiring a minimum of 600 impressions prepaid.

Otherwise, TopView ads are most expensive, running a brand upward of \$65,000 a day, but guaranteeing at least 7 million impressions.



*A TopView ad appears within the first 3 seconds of a user scrolling the feed. Image credit: Aspire*

Brand Takeover ads are priced at \$50,000 a day, but there are limited opportunities to run the format, as no one TikTok user sees more than one of the "appear-at-opening-of-app" ads per day.

The two others, Branded Hashtag Challenge and Branded Effects, liken to their labels, providing commercial entities the opportunity to sponsor either tool, to the tune of \$150,000-plus and \$45,000, respectively.

As for TikTok's popularity, a hyper-specific content formula is likely the culprit TikTok touts one of the most tailored algorithms in the game ([see story](#)).

Aspire's guide also speaks to TikTok's strong curation abilities.

The system analyzes a variety of factors including likes, shares, searches, comments and creator follows the platform also takes into account language and location, for even more relevant local recommendations to deliver content that aligns with the niche interests of users.

The ease with which virality is achieved by persons of various following levels on the platform also plays a role here.

The report confirms that TikTok's algorithm does not take into account the user's follower count or their history of high-performing content, meaning that new, smaller creators have just as good a shot at going "viral," reaching new audiences and quickly gaining followers as any.

As influence is democratized by TikTok's algorithm, everyday customers' voices are increasingly amplified, presenting ample, more authentic opportunities for organic brand mentions.

The structure implores brands to own the narrative on TikTok by ensuring a consistent presence ([see story](#)), while leaning into current trends and conversations to boost content popularity.