

Boston Hospitality Review

www.bu.edu/bhr

Published by the Boston University School of Hospitality Administration

TikTok: Legitimate Marketing Platform or Deceptive Advertising Medium?

By Dorian Brown, SHA '22, and
Jason Chang, SHA '22

Digital Marketing - August 2021

About the Authors



Dorian Brown, SHA '22, is pursuing a degree in Hospitality Administration with concentrations in marketing and events management. Born in Virginia Beach, VA, and raised in Bucharest, Romania, Dorian now lives in Boston. Dorian has experience in the restaurant industry and is passionate about branding, event planning, travel, and music. He hopes to combine these passions by joining the event planning industry with a focus on music and entertainment.

[LinkedIn](#)



Jason Chang, SHA '22, born and raised in Orange County, California, and now living between South Korea and Boston, looks to pursue a career in marketing and has various interests within the entertainment and influencer industry. Jason is a four-year full-scholarship student with a concentration in digital marketing. He has worked as a partnerships intern at Marketplay and will be working as an events manager at 1st Gen this fall.

[LinkedIn](#)

TikTok: Legitimate Marketing Platform or Deceptive Advertising Medium?



Source: Image by [Ascannio](#) on [Shutterstock](#)

The Beginning

TikTok, a popular yet continually controversial social media platform, has been a dominant force on how Gen Z consumes entertainment and information (Muliadi, 2020). Originally founded in 2014 as Musical.ly by Alex Zhou and Louis Yang (Leskin, 2020), the app emerged immensely popular after Musical.ly was fused with Chinese app Douyin. ByteDance, the parent company of Douyin, eventually purchased Musical.ly for approximately US \$1 billion in November of 2017. A year later, it was announced that Musical.ly would shut down, and was ultimately replaced with the currently well-known TikTok (Leskin, 2020). Accordingly, all Musical.ly accounts were transferred, and a community where all users could become “creators” was conceived.

Although TikTok instantly prospered for its unique distribution of content, the app suffered from various controversies. The app, owned by a Chinese company, was accused of data and information mining by both India and the United States (Galer, Tiddy, 2020). Misty Hong, a California student, claimed that although she had downloaded the app previously and accessed it briefly, she had never created a personal account herself (Hamilton, 2020). Months later, Misty discovered that the app itself had generated an account using her phone number as the password. TikTok was

further accused of taking drafted videos and passing private data onto Chinese servers (Hamilton, 2020).

Furthermore, critics of TikTok were alarmed by the potential of propaganda and election interference due to the app's extensive user base. During the Hong Kong protests in June of 2019, censorship became a prevalent issue as all content related to the protests was removed from the app (Volodzko, 2019). Legally, Article 7 of China's National Intelligence Law mandates all Chinese companies to cooperate with the government.

Current concerns include the usage of HTTP instead of HTTPS (the "secure socket layer"), causing data to be insecure. HTTP does not require domain validations (SSL certificates) which provide authentication for websites, or encryption of data during transit. TikTok is banned from all government devices in the United States and is entirely banned in India. The app has previously paid \$5.7 million to the U.S. Federal Trade Commission due to a violation of the Children's Privacy Act (Federal Trade Commission, 2019), and the FTC and TikTok clash to this day. One of the most telling issues to date is how a small 14% of influencers on TikTok agree to comply with FTC guidelines, with the majority of these so-called social media celebrities indifferent about fines that may result from the inadequacy of reporting promotional advertisement videos to the FTC.

Gen Z Interaction and Engagement

Gen Z, representing the group of consumers born between the years 1997 and 2015, is recognized as a trendsetter generation (Doyle, 2021). While baby boomers, Gen X or millennials generally use social media to communicate with others and share personal opinions, Gen Z attains primarily entertainment through social media (Maguire, 2020). Videos are vital to Gen Z, with an estimated 82% of all internet traffic to be driven by it by 2022 (Maguire, 2020). Around 97% of Gen Z use social media (Ahmed, 2021), and 54% allow social media to determine their decisions (Morgan, 2020).

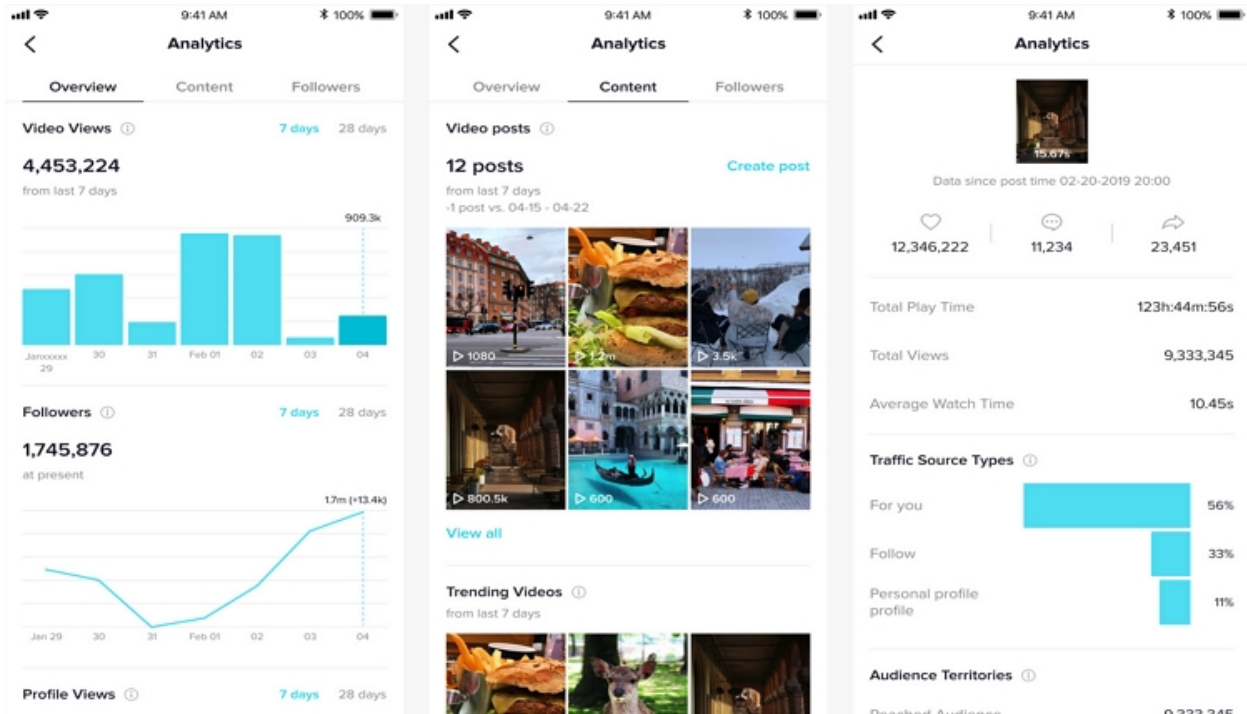
Despite the scale and variety of security concerns and controversy, TikTok remains a powerful social media platform both for entertainment and marketing (Battisby, 2020). The app, a primary favorite for Gen Z (Warren, 2020), has become a crucial market for the generation, who holds purchasing power worth more than \$140 billion (Morgan, 2020). More than 70% of Gen Z have reported influencing family decisions when purchasing necessities as well as furniture (Morgan, 2020). Gen Z has drastically changed how the world consumes information; Gen Z has resorted to apps and online services including Netflix, Spotify, and Reddit. While 80% of users on TikTok are between the ages of 16 and 34, 60% of all TikTok users originate from GEN Z (Doyle, 2021).

The COVID-19 outbreak has accelerated TikTok usage in 2020, with 315 million downloads during Q1 (Doyle, 2021). The United States experienced a tremendous increase in popularity with a 180% growth in users between the ages of 15 and 25 during the pandemic due to people working and studying at home (Tankovska, 2021). As of January 2021, the app retains 689 million monthly active users excluding China's 600 million daily active users on Douyin (Mohsin, 2021).

For marketers, TikTok carries astounding potential. The app revolves around a trend culture, where one video that has “gone viral” becomes replicated by other users. The algorithm itself is a benefit for companies and firms because a “following” is not necessary for a video to go “viral” and spread rapidly through a community by a tremendous count of shares to individuals. Rather, exposure on TikTok is dependent on interactions and engagement – views, likes, and shares. Age of content does not affect the potential of it “going viral,” meaning even older videos may suddenly be flooded with interactions. Utilizing trending hashtags and “sounds” will further assist startups and companies looking to enter the TikTok landscape, and these features become advantageous when promoting products or services. Brands can personally take over an account; examples include Chipotle, GymShark, and the World Health Organization. Chipotle utilizes its TikTok page to promote new products such as the quesadilla in combination with complementary “hacks” that enhance the flavor; an example is the dragon sauce which supposedly enlivened the quesadilla's taste. Branded hashtags, which are hashtags unique to a company, may also be created, furthering the possibility of a trending hashtag. Examples include company names (#nike), products (#jordan) or even slogans (#justdoit).

Marketing-Worthy Features:

TikTok has evolved into a legitimate marketing platform, as two distinct features have been released: TikTok Pro and TikTok for Business. The two vary slightly: a Pro account is available and catered for the general public who may want detailed statistics about their engagement. The feature allows brands and users to understand their followers and performance by providing information about where followers are watching from as well as follower behavior and gender.



TikTok for Business “offers a hub of marketing solutions and resources” (Harding, 2020) with case studies and access to ad formats. Marketers can additionally utilize: TikTok’s Branded Scan – an augmented reality ad offering that empowers brands to create immersive experiences using 2D effects; Creator Marketplace – an internal collaboration platform that connects creators with brands for paid campaigns and promotions.

These two tools aid brands with marketing. Augmented reality, product guides, and most importantly, an influencer marketplace transform TikTok from an entertaining yet controversial app to one that legitimizes marketing for brands and businesses.

And these are not the most significant features of TikTok. Possibly the most impressive and dynamic way marketers can utilize TikTok is through influencer marketing. Although TikTok itself can connect brands to certain influencers, many of these partnerships and promotions are developed independently. Two types of influencers exist on TikTok: one who has transferred from a different platform, and one who has emerged directly through the app. For marketers, this means that TikTok contains an infinite list of influencers to potentially promote a brand, product or service.

Influencer marketing is estimated at a value of nearly \$9.7 billion and is expected to increase to \$13.8 billion in 2021 (Influencer Marketing Hub, 2021). This type of marketing is especially effective for younger audiences, deeming TikTok necessary for marketers. Although inexperienced users may assume TikTok contains mostly influencers related to dance and music, there are a variety of niche influencers that post content related to beauty and makeup, fitness, comedy, and more.

Hence, marketers can select substantial numbers of macro (creators reaching varying and diverse audiences usually reaching between 100K and 1M followers) and micro (small niche creators reaching under 100k followers) influencers through this app to promote certain brands or products (Ismail, 2018). Many companies have worked with influencers on other platforms such as Instagram, Facebook, and Twitter. TikTok is similar; reputable companies such as Red Bull or Chipotle have worked with micro and macro-influencers of the platform to promote their products. For example, Red Bull works with @keeoh, a professional gamer and member of Cloud 9 Gaming. Aside from professional (video) gaming, he posts various trends, gaming content, and highlights moments from his streams. He agreed to a partnership with Red Bull to sponsor him while he promotes their product through his various platforms. @keeoh is a niche influencer catering to a smaller audience of 38,000+ TikTok followers. His content is driven toward other gamers or followers that watch his live streams on Twitch.tv. Red Bull's partnership with @keeoh allows Red Bull to promote products to other gamers, and their mutual target audience creates an ideal partnership.

Chipotle, on the other hand, worked with David Dobrik, one of the most influential on the platform with over 26 million followers, and a loyal audience across multiple platforms including Youtube, Twitter, and Instagram. He possesses a total following of more than 65 million across all platforms. Chipotle has also utilized TikTok independently posting fun and entertaining content to promote the brand. In one video, the brand launched the hashtag #ChipotleLidFlip, as a challenge first posted by a Chipotle employee. They closed the lid of a burrito bowl with an "acrobatic flip" of the lid. David Dobrik worked with Chipotle and filmed his own version of the #ChipotleLidFlip challenge, and his video received over 6.3 million views and over 600K interactions (engagements) via likes, comments, and shares.

Influencers are now identified as micro or macro. For example, @keeoh is recognized for his gaming content with a niche following, whereas David Dobrik's content is extensive, outlining various topics of focus ranging from comedy skits to daily vlogs and podcasts. Companies have the opportunity to collaborate with influencers within any industry.

Hospitality and TikTok Opportunities

How might influencers on TikTok play a role in hospitality? The travel industry is a unique market that has significant untapped potential on the platform. Approximately 40% of the nearly 500 million active users of the platform are between the ages of 16 and 24 (Millennials and Gen Z), and some are just beginning their travel experiences (Alton, 2017). They are the next generation that will fuel the travel industry, and marketing to them is incredibly important (Carty, 2020). TikTok can make this possible. Unlike other platforms, TikTok's content is intended to be generic and captivating. With 60 seconds of video potential, travel agencies, independent properties, and large hotel brands can work with influencers to promote their product to a larger audience. Travel influencers are already present on the platform and travel content continues to grow as COVID-19 restrictions continue to be lifted.

For example, @Terplanet, a married Italian couple in their mid-30s, has made traveling a full-time job. As influencers, they have the opportunity to travel around the world to various properties, posting reviews of their various destinations. With over 1.3 million followers and 15 million likes, they amass a large audience and promote properties on their TikTok, Instagram, and website. They primarily promote niche or independent luxury properties in “exotic locations” including the Maldives, Bali, and Italy to name a few.

Larger online travel agencies (OTA's) Booking.com and Airbnb have verified accounts on TikTok and previously utilized the platform to promote travel. However, they recently removed all their content. A barrier to entry for many brands has been the FTC regulations. TikTok has faced challenges with the FTC due to violating the Children's Online Privacy Protection Act (COPPA) as well as other regulations regarding online marketing (Advertising and Marketing, n.d.). Despite regulations, the marketing potential is prevalent and growing each day. Brands may have to contend with FTC regulations to promote their products on TikTok (Dice, 2019). If large brands believe it may not be worth the trouble, the industry may see a shift in the next few years as Gen Z and Millennials continue to consume information through social media. Influencers will also continue to promote niche properties. The boutique lifestyle travel market will also likely see significant growth in the coming years as more and more boutique and independent properties are exposed to the power of social media.

The quick and dynamic nature of TikTok and its users has caused a change in how younger generations consume data. According to the CMO Council, a global organization for marketing executives, 54% of Gen Z say social media platforms have significantly more influence on them, than any other marketing channels (Morgan, 2021). While brands can utilize TikTok for its large database of influencers, they can

also use it to produce creative content and direct customers to their website and other social platforms. As the app's features continue to enhance and evolve, there is only more potential for it to serve as a viable, meaningful, and effective tool for brand connection.

References

Advertising and Marketing. (n.d.). Federal Trade Commission.

<https://www.ftc.gov/tips-advice/business-center/advertising-and-marketing>

Ahmed, A. (2021, March 15). Report: 97 Percent of Gen Z consumers use social media platforms as their main source of shopping inspiration. Retrieved April 25, 2021, from

<https://www.digitalinformationworld.com/2021/03/report-97-percent-of-gen-z-consumers.html>

Alton, L. (2017, May 01). How Millennials and Gen Z Forever Changed Travel Marketing. Retrieved March 15, 2021, from

<https://www.pixlee.com/blog/how-millennials-and-gen-z-forever-changed-travel-marketing/>

Battisby, A. (2020, December 14). An In-Depth Look at Marketing on TikTok: DMI. Retrieved April 7, 2021, from

<https://digitalmarketinginstitute.com/blog/an-in-depth-look-at-marketing-on-tiktok>

Bump, P. (2019, November 11). What is TikTok? And Why Marketers Need to Care. Retrieved March 15, 2021, from

<https://blog.hubspot.com/marketing/what-is-tiktok>

Carty, M. (2020, February 10). Travel Megatrends 2020: Gen Z Asserts Itself as Travel's Next Big Opportunity. Retrieved April 15, 2021, from

<https://skift.com/2020/02/10/travel-megatrends-2020-gen-z-asserts-itself-as-travel-s-next-big-opportunity/>

Dice. (2019, June 19). *Why You Should Pay Attention to TikTok - Better Marketing*. Better Marketing.

<https://bettermarketing.pub/6-reasons-to-pay-attention-to-tiktok-and-3-barriers-to-their-success-53dd15b0c044>

Doyle, B. (2021, February 06). TikTok Statistics - Everything You Need to Know [Feb 2021 Update]. Retrieved April 25, 2021, from

<https://wallaroomedia.com/blog/social-media/tiktok-statistics/#:~:text=60% are between the ages,data comes straight from TikTok>

Federal Trade Commission. (2019, February 27). Video Social Networking App Musical.ly Agrees to Settle FTC Allegations That it Violated Children's Privacy Law. Retrieved April 3, 2021, from <https://www.ftc.gov/news-events/press-releases/2019/02/video-social-networking-app-musically-agrees-settle-ftc>

Hamilton, I. A. (2019, December 03). A California student is suing TikTok, alleging that it surreptitiously hoovered up her data and sent it to China. Retrieved May 1, 2021, from <https://www.businessinsider.com/tiktok-class-action-lawsuit-sending-data-china-2019-12>

Harding, C. (2021, January 08). TikTok For Business: Just The Facts. Retrieved from <https://insights.digitalmediasolutions.com/articles/tiktok-for-business>

Influencer Marketing Hub. (2021, February 08). 40 Essential Social Media Statistics for 2021 (Updated). Retrieved April 4, 2021, from <https://influencermarketinghub.com/social-media-statistics-2021/>

Ismail, K. (2018, December 10). Social Media Influencers: Mega, Macro, Micro or Nano. Retrieved April 4, 2021, from <https://www.cmswire.com/digital-marketing/social-media-influencers-mega-macro-micro-or-nano/>

Leskin, P. (2020, August 07). Inside the rise of TikTok, the viral video-sharing app wildly popular with teens and loathed by the Trump administration. Retrieved May 1, 2021, from <https://www.businessinsider.com/tiktok-app-online-website-video-sharing-2019-7#bytedance-is-now-worth-more-than-100-billion-making-it-the-most-valuable-private-company-in-the-world-its-received-investments-from-some-of-the-biggest-vc-firms-globally-including-softbank-sequoia-capital-and-general-atlantic-16>

Maguire, L. (2020, January 08). Gen Z is reinventing social media marketing. Retrieved April 3, 2021, from <https://www.voguebusiness.com/consumers/gen-z-reinventing-social-media-marketing-tiktok-youtube-instagram-louis-vuitton>

- Mohsin, M. (2021, April 30). 10 TikTok Statistics You Need to Know in 2021 [March data]. Retrieved May 5, 2021, from <https://www.oberlo.com/blog/tiktok-statistics>
- Morgan, B. (2021, February 18). 50 Stats All Marketers Must Know About Gen-Z. Retrieved April 4, 2021, from <https://www.forbes.com/sites/blakemorgan/2020/02/28/50-stats-all-marketers-must-know-about-gen-z/?sh=598755f876d0>
- Muliadi, B. (2020, July 06). Council Post: What The Rise Of TikTok Says About Generation Z. Retrieved April 3, 2021, from <https://www.forbes.com/sites/forbestechcouncil/2020/07/07/what-the-rise-of-tiktok-says-about-generation-z/?sh=223b8ab56549>
- Needle, F. (2020, November 02). What is TikTok For Business & Should You Use It in Your Marketing? Retrieved April 3, 2021, from <https://blog.hubspot.com/marketing/tiktok-for-business>
- Tankovska, H. (2021, February 19). TikTok: Usage during COVID-19. Retrieved March 19, 2021, from <https://www.statista.com/statistics/1207831/tiktok-usage-among-young-adults-during-covid-19-usa/#:~:text=TikTok saw a significant increase,and studying primarily from home.>
- Tidy, J., & Galer, S. S. (2020, August 05). TikTok: The story of a social media giant. Retrieved April 7, 2021, from <https://www.bbc.com/news/technology-53640724>
- TikTok Official. (2021, January 22). Creator Marketplace. Retrieved April 3, 2021, from <https://www.tiktok.com/creators/creator-portal/en-us/getting-paid-to-create/creator-marketplace/>
- Volodzko, D. (2020, August 31). The Controversies and Security Concerns Surrounding TikTok. Retrieved March 15, 2021, from <https://jamestown.org/program/the-controversies-and-security-concerns-surrounding-tiktok/#:~:text=Despite its potential artistic or,concerns related to personal data>
- Warren, J. (2020, May 13). The Ultimate Guide to TikTok Marketing. Retrieved March 15, 2021, from <https://later.com/blog/tiktok-marketing/#perform>
- Williams, R. (2020, June 25). TikTok unveils global platform for marketers, Brand Scan AR ads. Retrieved April 25, 2021, from

<https://www.marketingdive.com/news/tiktok-unveils-global-platform-for-marketers-brand-scan-ar-ads/580539/>