

CHAPTER II

TIKTOK AND AFFILIATE MARKETING PROGRAMS

2.1. TikTok Use in Indonesia

As a nation, Indonesians have some of the highest internet penetration in the world. Kemp (2024) indicated 185.3 million internet users to be exact, yielding a number of 66.5% internet penetration. Its younger generations—millennials, gen Z and Gen Alpha—are avid users of the Chinese Social media app launched in 2016, TikTok (IDN Research Institute, 2024).

Kemp (2024) in his report deduced that TikTok's user base in Indonesia showcases a diverse age distribution and significant penetration among the local population. The platform is particularly popular among young adults, with the age group of 18-24 years representing a substantial portion: 20.9% of users are female and 17.5% are male. The demographic spread continues with users aged 25-34 years making up 17% female and 15.5% male. As the age increases, the percentage of users decreases: 8.1% female and 7.5% male are aged 35-44, 4.3% female and 3.7% male are aged 45-54, and those 55+ years consist of 3.1% female and 2.4% male.

The total number of TikTok users in Indonesia aged 18 and above reached 126.8 million by early 2024. This significant user base forms 64.8% of the adult population and 68.5% of the internet users in Indonesia. This indicates a widespread adoption of the platform across the country. Moreover, the ad reach of TikTok in Indonesia saw a substantial growth of 19.1% from the previous year, reflecting an overall reach increase of 15.4%.

Users in Indonesia spend an average of 38 hours and 26 minutes per month on TikTok, the highest engagement rate among all social media platforms in the country. This high level of user engagement is accompanied by a gender distribution where 53.4% of users are female and 46.6% are male, underscoring the platform's appeal across genders.

Globally, 38.5% of TikTok users fall within the 18-24 age range, with Indonesia contributing significantly to this demographic. These statistics underscore TikTok's robust presence in Indonesia, particularly among the youth, and highlight the platform's increasing influence and potential for advertisers looking to tap into this engaged audience.

As a social media platform, TikTok differs in a significant manner from its already long existing competitors. TikTok features a vibrant mix of creative and engaging content that appeals to a wide audience, fostering a sense of community and connection among users. They can create, share, and discover short-form videos, typically ranging from 15 seconds to 3 minutes. The main differentiating factor is the juxtaposition of video and audio to create. This technique involves combining audio tracks with video clips in a way that creates contrast or highlights the differences between them (Sumner Group, 2021). As a consequence, the contents created on Tiktok range from the following themes:

1. Lip Syncing: Users often lip-sync to popular songs, movie dialogues, or viral sound clips. The original context of the audio is transformed by the user's visual performance, which can be humorous, dramatic, or entirely unexpected.

2. Trends and Challenges: Many TikTok trends involve specific audio clips that users interpret through their own videos. For example, a song might prompt a dance challenge, where users perform a specific dance routine, or a comedic sketch where the audio is used to enhance the humour of the visual actions.
3. Creative Edits: Some TikTokers use audio to set a mood or tell a story in their videos. They might use contrasting audio to create irony, such as playing a cheerful song over a video of a mundane or unfortunate event.
4. Voiceovers and Commentary: Users often add voiceovers to their videos, providing commentary or narrating their actions. The voiceover can add context, humour, or additional information that changes the way the video is perceived.
5. Dramatic Effect: The use of dramatic or emotional audio can amplify the impact of a video. For instance, a slow-motion video of a simple action like pouring a drink can become a dramatic moment when paired with a cinematic soundtrack.

Among these uses, creators may collaborate with brands and place product promotions in the contents that they create, serving as TikTok's version of an influencer marketing (Juwariyah et al., 2021). Due to the nature of TikTok's audience, most of the products promoted and sold on the platform are those geared to the younger generation.

2.2. Affiliate Marketing

Frankenfield (2021) defines affiliate marketing as a performance-based marketing arrangement where independent salespeople receive commissions for any visits, clicks, or purchases of a product that they recommended. Depending on each program, affiliates may get different commissions for each conversion and purchases.

Though not a new concept, affiliate marketing has become a lucrative passive income source due to the prevalence of Shopee Affiliate Marketing and later on TikTok Affiliate Marketing. Mostly, affiliates promote products sold on Shopee on various social media platforms, including, but not limited to, Instagram, Twitter, YouTube and TikTok. Conversely, TikTok affiliate marketing program only exist on their own social media platform and partners with Tokopedia.

2.3. Affiliate Marketing on TikTok

To further understand affiliate marketing content strategy on TikTok, it is useful to first understand the nature of TikTok as a social media platform, its features, and the elements that make TikTok significant in the affiliate marketing landscape.

Tiktok is known for its bite-sized content, presented to its users on their *For You Page* (FYP), an algorithmically curated stream of content TikTok thinks a certain user will like. It is this FYP that has lent Tiktok its popularity (D'souza, 2024). This element makes up for a very lucrative field for digital marketing, where the algorithm curates and tailor the content, i.e. products that will most resonate with respective audiences. For this reason, affiliate marketing is common to be found on TikTok. The

two dominating programs within the platform is TikTok's own affiliate program and the Shopee affiliate marketing program, which is further discussed in the next section.

There are several methods affiliates market their products on TikTok. Oftentimes, affiliate links are embedded on the bio of the profile of the creator, acting as the landing page of all promoted products. However, with TikTok's own affiliate program, affiliates are equipped with the feature built in on the app that accommodate their promotion: the yellow basket feature and the creator showcase, where users can directly purchase the product without ever leaving Tiktok.

2.4. The Shopee Affiliate Marketing Program

The Shopee Affiliate Marketing program is the initiative run by Shopee, the biggest e-commerce platform in South East Asia, to encourage users to promote the products sold within the platform. To this end, Shopee devised the affiliate program, a program where any individuals can get paid for promoting products on Shopee.

The requirements are relatively simple. Any individuals, regardless of follower or subscriber count can join the affiliate program, as long as they have a public account and post original content (Shopee Indonesia, 2024).

The method by which affiliates promote Shopee products is mainly in the form of URLs, which can be embedded in the posts or bios of affiliates. Creators, in this way, direct traffic to the web page of the product they promote.

With such an accessible requirement, almost anyone with a phone and internet connection can be eligible to be an affiliate. However, becoming an affiliate that is successful requires more effort and follow-through. It is the aim of the research to understand this problem.

SKEMA KOMISI PROGRAM SHOPEE AFFILIATE		
PROGRAM	KETENTUAN	SKEMA KOMISI AFFILIATE
SHOPEE PARTNER*	Min. 2.000 Followers/ Subscribers di Youtube, Instagram, Tiktok, Twitter & mencapai 50 order minimal satu kali dalam 3 bulan terakhir	SEMUA PESANAN 4%* *maks. komisi per pesanan Rp50.000
SHOPEE AFFILIATE**	Semua Pengguna	SEMUA PESANAN 2%** **maks. komisi per pesanan Rp10.000

PERHITUNGAN = % KOMISI × HARGA***

Komisi berlaku untuk pesanan produk non digital yang sudah selesai dan tervalidasi di Penjual Star/Star+/Mall/Supermarket pada *platform* Shopee

***Harga yang dibayarkan pembeli saat checkout

Figure 2.1. Shopee Affiliate Program Commission Scheme. Source: <https://shopee.co.id/m/affiliates>

The commission given by Shopee to its affiliates will depend on an array of factors. As detailed in figure 2.1., the affiliate program is divided into two programs: Shopee partner and Shopee affiliate. The former pays out 4% of commission of each product sold with a payout maximum of IDR 50,000 and the latter pays out only 2% with a maximum payout of IDR 10,000 per purchase. Additionally, the requirement

for the Shopee partner program is to have at least 2000 followers, subscribers, or equivalent, and reached 50 orders within the last 3 months (Shopee Indonesia, 2024).

On top of that, affiliates will get commission for a product they do *not* promote. As long as the link they share gets clicked by people, and in turn motivates them to buy, commission will be given, even if it is not the particular product the affiliates promoted.

2.5. The TikTok Shop Affiliate Marketing Program

The affiliate marketing program from TikTok's own platform is a partnership with the Indonesian born e-commerce platform Tokopedia as of January 2024. This comes after a nationwide ban on TikTok shop in early 2023 by the Indonesian government as a response to public outcry criticizing TikTok shop for disrupting the Indonesian market with its noncompetitively low prices. After this ban, Tiktok returned to the Indonesian marketplace through acquiring rights to the biggest Indonesian e-commerce platform Tokopedia. With this, Tiktok funnels TikTok shop sales and purchases through Tokopedia and thus marking Tiktok shop's return to the Indonesian market.

Since this affiliate program is made by Tiktok itself, there are features within the app that support the promotion of products within the apps: *yellow basket* and *creator showcase*. The yellow basket is a badge that is embedded on the video a creator used to promote the product. Conversely, the creator showcase is a page within a creator's profile where users can find the compiled products that a certain creator has compiled. These features are in place to accommodate sales. Users can

purchase an array of products without ever leaving the app, making the experience smoother.

The payout system of TikTok Shop is different from Shopee's program to some degree. However, the key principle is the same: affiliates get paid a commission for every purchase a user has made from their recommendation. TikTok differs from Shopee in that they only pay commissions for purchase of the promoted products, not clicks or the purchase of a different product. Affiliates are rewarded a commission of 5 to 10 percent after the purchase of each product (Kompas Cyber Media, 2023).

The requirements to become a TikTok affiliate differs slightly. Any individuals seeking to become an affiliate are required to have at least 2000 followers, be 18 years of age, and has posted a video within the last 28 days (Glints, 2023).

2.6. TikTok Affiliate Keywords within this Research

For the purpose of this research, five keywords have been designated for the random sampling method. The keywords are chosen to yield the most affiliate content. According to TikTok Creative centre (ads.tiktok.com), TikTok's own advertisement metrics platform. Five of the most relevant keywords as of May 2024 are Perfume; Cases; T-Shirts; casual dresses; and serums and essences. Figure 1.6 through 1.9 details their metrics in terms of popularity, click-through rate, as well as impressions.

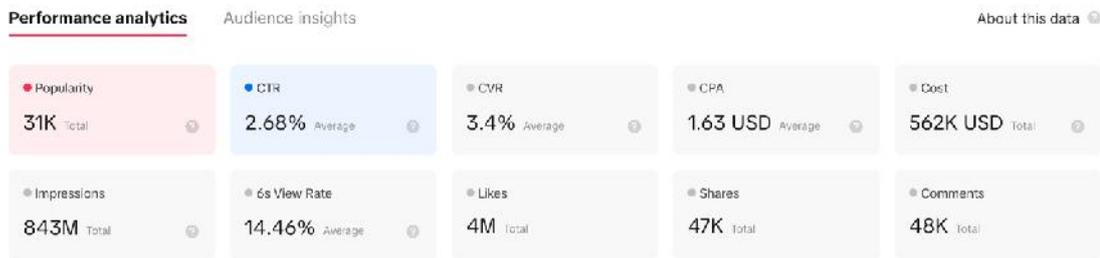


Figure 2.2. Tiktok Metrics for the keyword 'Perfume'. Source: ads.tiktok.com

1. Perfume

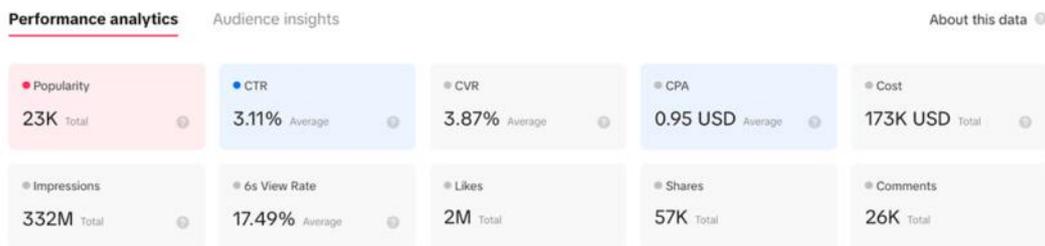


Figure 2.3. Tiktok Metrics for the keyword 'Cases'. Source: ads.tiktok.com

2. Cases



Figure 2.4. Tiktok Metrics for the keyword 'T-Shirts'. Source: ads.tiktok.com

3. T-Shirts



Figure 2.5. TikTok Metrics for the keyword 'Casual Dresses'. Source: ads.tiktok.com

4. Casual Dresses



Figure 2.6. TikTok Metrics for the keyword 'Serums & Essences'. Source: ads.tiktok.com

5. Serums & Essences