

The Research of How the Marketing Strategy of Tiktok Result in the New Rise of E-commerce

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Abstract: Internet technology is developing, which makes many economic activities take place online and gives birth to many globally popular short video apps, especially Tiktok. It has become a household name. For this reason, marketing strategies of Tiktok are worth to be discussed. Many existing researches are only discussing why Tiktok can be so popular but the author found that medium can be contacted with economics. Digital economics is an important title of this age. Tiktok actually set a great platform for e-commerce and it does help e-commerce get into a new stage. So the paper mainly focus on how the marketing strategy of Tiktok result in the new rise of e-commerce by using SWOT analytical method. Analyzing the pros and cons from strengths, weakness, opportunities and threats. The paper finally found that Tiktok gives e-commerce an extremely great chance to develop on the whole. And also there are some inevitable shortcomings about e-commerce developing on Tiktok. Then the paper also gives some advice to improve the situation.

Keywords: SWOT analytical method, marketing strategy of tiktok, e-commerce

1. Introduction

The trend in the world today is to make life more and more digital, not only trade activities but also recreation. So the e-commerce and short video apps, like Tiktok, which are extremely hot these years attract many attention. However, many researches are only depended in one field, mainly on why they are so popular or how to help them become more enhanced, while this paper is more willing to discuss the relation between these two modern products. Everyone contact with e-commerce and short videos in life and they are nearly necessities. By studying on this topic, this paper aims to find out the effect that Tiktok does on e-commerce. Also, the research targets including finding out some problems and helping e-commerce developing on such a new platform better by taking fully advantages of Tiktok and eliminating its weakness as possible. Helping e-commerce developing also do goods for global digital economic. This paper uses SWOT analytical method to discuss the marketing strategies of Tiktok, the connect between Tiktok and e-commerce and also studies how Tiktok help e-commerce develop. The paper analyzes from strengths, weakness, opportunities and threats. Then the paper works out the positive and negative sides it has now. Also does the paper gives some useful advice to help Tiktok and e-commerce on Tiktok to improve their business based on current situation in the end.

2. SWOT Analytical Method

SWOT means S(strengths), W(weakness), O(opportunities) and T(threats). It's a model which analyze the object both internally and externally.

2.1. Strengths

Tiktok's high traffic has created an opportunity for e-commerce. Tiktok takes advantage of the fast life pace nowadays. It fully uses the fragmented time. Nearly all the videos duration in Tiktok are limited in one minute, which enable people to use this app while waiting buses, resting between classes and so on. Also, Tiktok gives everyone a platform to share their lives , in addition, equal opportunities to be popular. So ordinary people can also become "Internet celebrities" in a short time. If people have enough attractive themes, innovation, or talent, people can attract many fans [1]. Tiktok has very little barrier for people to send their videos in to the public, which meet the social needs of users.

Tiktok attract traffic so by letting bloggers and influencers in this apps at first. Based on the theories of fan economy and attention economy, Tiktok captures fans' attention and improve their viscosity to Tiktok [2]. At the same time, the videos them published will attract a lot of limitation. The limitation first comes up from the followers group, then go viral into other groups on the platform, finally form a fashion trend which can also attract other young people to download the app. This kind of model not only brings a lot of e-commerce potential customers, but can also use the stars' popularity to absorb followers to buy the products they recommend. Existing research has found that people who have great influence may effect consumers by using their halo effect and also, serving as a opinion leader [3]. Sometimes they don't recommend the products directly, but by embed it in video content to give people a sense of being spontaneous. It can make people trust more and bring consumers closer [4].

Another important point of Tiktok's marketing strategy improving e-commerce is its individual supply model. This model is also a method effect e-commerce in respective two fields. First, it lays a solid user base. Tiktok uses its powerful data algorithms to tailor a individual video types to push. It mainly focuses on different time users stay on certain videos, the types the watchers give a like and comments. Then Tiktok will decide the types that the certain user has interest in so it will push more similar types to this user. Actually this individual system also enhance the connect between members in a communities. People who have similar interest are easily come together by watching the same video, especially niche culture. It may give them more sense of belonging so communities can be a powerful tool to "stick" the users tightly. On the other hand, the sense of belonging can make people buy something belonging to this community more easily, no matter the action is out of conformity or comparison to other members. Secondly, individual strategy can help e-commerce to push related products and bloggers according to users preferences. For the former, it increase the likelihood of users buy the commodity. For the latter, users may become a follower and it help stars influence takes effect, also, let the users exposed to more related advertisements which they may even not notice.

2.2. Weakness

As the paper mentioned above, the standards for sending video and being popular bloggers are very low. The results are that video quality is uneven, so do the e-commerce merchants in Tiktok. For this reason, the quality of products are also not guaranteed. What's more, the information of the products might be wrong. False propaganda is used by many merchants to increase their sales. But when consumers find these problems, the sense of trust they have on Tiktok as a e-commerce platform will cut down. This is bad for e-commerce development. Also, while the short videos

spreading widely and having a high exposure rate, some people just simply follow the trend, which caused serious homogenization of content [5]. On the level of products' equity, following trends directly causes lack of innovation. The merchants just focus on sales and sell the hot products. The main consequence is the issue of plagiarism. It is difficult for original merchants to get protection, and genuine good products are easily to be flooded by various fakery and promotions. While it is difficult for merchants to get benefit, consumers are also confused between the true and the false. Ultimately, it will lead to a further decline in the quality of e-commerce on the platform, customer loss, and then sinking into a vicious circle.

The other point--excessive drainage. Beside individual system pushing videos depends on each users' interest, the publishers can also generate a large amount of traffic for your videos through purchasing or other methods, so the videos can be pushed to more people. At first it might be a good way for e-commerce merchants to advertise for their products and let consumers to know some products they need. But it gradually evolves into excessive drainage. "Involution" is serious now, which means merchants are all investing a lot of money to buy traffic or have bloggers advertise. If a merchant want his products can be seen, he is going to pay more and more. The cost is growing constantly. In the term of customer, in some research it has found that during a long browsing process, frequently occurring the similar works will weaken the user's visual experience. They may no longer get the feeling of being satisfied, even lead to boredom [6]. So do the similar products. This phenomenon do no benefits and even reduce user stickiness.

Lack of cooperation. The trading activities that take place on Tiktok usually use e-commerce showcase in merchants' homepages or the link in the videos. These kinds of situation are always happened when the goods and merchants are all stationed on the Tiktok platform. So it raises up a problem, when the goods and merchants are belong to other platform and use Tiktok as a marketing channel, it's not so convenience for consumer purchase the goods. Tiktok doesn't cooperate with other e-commerce platform like TB and JD. The jump mode between them is much more troublesome, also, lack of cooperation can also cause "information gap". It means that the information of the same product on other e-commerce platform may not be real-time update on Tiktok.

2.3. Opportunities

Tiktok gets together many like-minded people, especially the youth, such connection has gradually extended to the periphery of the community and penetrated into the daily social life of contemporary youth [7]. As Tiktok is going to be a habitual entertainment app, the e-commerce on this platform is also gradually permeate our lives. Marketing strategies for bundling short videos with products are slowly getting people used to this shopping model. People's need are growing to meet this change.

From the perspective of the outer environment, technology is still developing quickly. The network and advanced technology are increasingly connected to people's daily life. So it's impossible to let people's entertainment and shopping methods be disconnected from the Internet. People's growing need of modernization, intelligence and convenience all give the e-commerce based on short video platform huge development space. Also, the governments whole world around are devoted to developing digital economy. Many of the national policy mention that they are going to create new competitive strengths in the digital economy and digital economy is going to be a new engine for high-quality development. The great importance that governments put on digital economy also set a bright future for developing e-commerce. Tiktok puts e-commerce and short videos together and get great success of e-commerce. So this strategy is being supported, too.

The user group Tiktok mainly aims at are the young. Tiktok mainly faces to a age group of teenagers from about 16 to 35. People in this age group are the main force of consumption. Their

purchasing power is relatively strong and they have a higher desire to consume. More over, the influence that stars and bloggers bring is more likely to take effect on these young people. Most followers are in this age group. Young people are more likely to follow trends. Compared with people in an older age group, they are more willing to step into a new field or a new life style, or it is actually a sense of freshness. When a video go viral, some teenagers are going to search for the goods of the same type that have appeared in the videos. This phenomenon can satisfied their vanity. Making them seem like stars and their psychological distance with celebrities is narrowed. Also, they are actually more likely to be caught up in comparisons with other peers. Most teenagers desire to show themselves and think they are all special individuals, these subconsciousness can also cause their action to satisfy themselves, including purchasing action. For example, when they are in the same culture community, they always have the desire to buy something that seems the peers around them all have it, or even chase for the more expensive or a "fresher" products to show their personality and uniqueness. Tiktok also gives them a platform to get and then share the latest information of their interest with their peers and also, the latest information of their peers in the same community. Intuitively feeling the life of peers can also cause a new round of competition. So they are more likely to buy something that are useless but may be exquisite and expensive to show life quality or just personal taste. Young people are more idealized, not like people in older age group pay more attention on trifling life. Something like a trinket that labeled as a way to improve the happiness of life can attract many teenagers to buy it. But as a common sense that trends always come quickly and then go quickly, this The situation has gradually become the marketing method of merchants. No matter their purchasing action are happened for their psychology of comparison or the psychology of following the crowd, these action bring real benefit to the e-commerce on Tiktok.

Tiktok gives companies a fair platform to sell their products, no matter it is a big company with many multinational branches or a small company which has been set up for only a few days. Tiktok doesn't ask a company to show the details or put up pictures of their company. If a company want to sell their goods on Tiktok, they all set up a e-commerce merchants on the platform, then show their goods. If they want to promote and popularize new products, they all need to pay the equal money to buy the same traffic. And for the consumers can't get the intuitive sense of the company, the likelihood that they sell a good in the same types, same price is equal, too. To give an example, if the consumer go shopping offline, when he see a clothing store in a shopping mall and a small workshop in a wholesale market, there is no doubt that he will choose the clothing store. Because the former give him a sense of reliability directly by its appearance and location. But the situation is different when it comes to e-commerce in Tiktok. There is nearly little chance for consumers to get this direct sense. The only information they can get is about the product and it is also given by the merchants, so even small workshop can package themselves. Without the first feeling, the consumers are more likely to compare the product itself with its quality and price. So it actually gives many individual household more opportunities and more develop space. If they can design goods that are really good and promote them in a efficient way, they can get more chance to compare with those big companies and big brands.

2.4. Threats

The threats that Tiktok faces now can divided into two parts.

The similar type of competitors of Tiktok are limited at home, the similar competitors are not so popular as Tiktok. So actually in China market, Tiktok' main market, it doesn't seem to get many threats. But when it steps into the global market, the most competitive apps can be Instagram. As some researchers abroad has already focused on this problem. In their report, they analyze the data about people's purchase data by questionnaire survey, they had found that the sales on Tiktok and Instagram actually don't have significant difference. More over, after their survey on how many

times do the users spent on these apps, they found that there was not a statistical difference between the users time spent actively on Instagram per day while it's different from the conclusion to be drawn from the same analysis of Tiktok. And also, this report gives its own guess. The researchers think that TikTok is a social media platform established much later than Instagram. Because Instagram was created in 2010, six year before Tiktok was created. This advantage of time give Instagram more opportunities to increase its number of users and build a stable user group [8]. So Tiktok's "fresher" sometimes let it has a not so solid user base as its competitors. Also, as Tiktok go viral globally, many other enterprise may see the potential of this field [9]. New competitors can be created years later. However, short videos app is a field which need high digital technology and huge amount capital to enter. There are many short videos app in this field now, so the cost of entering is growing huger and huger if a new product wants to get benefit from this field. If the company wants its product can outperform other competitors, it needs to pay much more effort to create new systems and new technologies. The risks of entering the field are great. New products may not be so competitive to Tiktok.

Big brands have been created. Tiktok is one of these big brands and it is undoubtedly the largest short video platform in China. For this reason, it has already set up a solid users base and owned a great popularity. Even the elderly and the kids know Tiktok and use Tiktok. This phenomenon gives e-commerce which use Tiktok as a channel to sell products more opportunities and less risks. Other new apps are hard to go beyond the brand effect and attack users to their products instead of going towards an app that already been effective and popular. The users are more likely to trust the big brand that they are familiar with.

3. Solutions Suggestions

Although Tiktok gives e-commerce a much brighter future and a rare opportunities, it also has some weakness that may limit its development later. If people want to take the potential and strengths of Tiktok into full play and to help e-commerce develop positively, solving the problem become urgent.

As the problems have been mentioned before, the enhancement of examination is the first step and it is also the most important step. The short videos and the products that push on Tiktok all should be examined more seriously. For videos, Tiktok should add the audit department. The department need to check the videos from two aspect. One is the person who push the video. At a word, it means to control the quality of the blogger. Bloggers' personal information should be recorded in the platform and be well protected, too. Make sure the bloggers are not person with wrong ideas and bad characters. When user quality improves, video innovation will also be driven and user experience will be enhance [10]. Then, the content of the videos is also very important. Tiktok should pay more attention on the content of the video like its main idea. Make sure that videos with false values, inciting antisocial activities and misleading youth should not be pushed. Or the whole quality and reputation of the platform will be destroyed. Also bad for the e-commerce developing on the platform. The punishment mechanism should be improved. For example, the platform can warn the user by sending message or ban the user to post. Different duration for different mistakes and even block the ID forever. The public power can be used to supervise. By improving the page to directly increase the punishment of reporting buttons to guide the public to report at the first time [2].

Not only the videos should be supervised, products and merchants also need more checked. The detailed information and advertisements of the merchants and products should be recorded, too. And the platform should ensure that the information is all real. In this way, the plagiarism can also be improved to some extent. Platform needs to attach double importance to the rights of originators. Besides giving them some conspicuous label to tell that they are original, they can also increase the

punishment for copycats. Tiktok can fine, publicize the merchants and remove the goods and merchants out of the platform. The more the platform can do to increase the users' belief and loyalty index is to ask merchants give more detailed information about their commodities. The platform can encourage the merchants to innovate products, from the types, the way for advertising and so on. Tiktok can set up relevant reward mechanism. For instance, innovative products can get more traffic given by platform and when they ask bloggers to promote their products, the cost can be reduced.

Also, the comments about the products are important. No matter the comments of the videos that attract traffic for the products or the comments to the products directly can cause serious effect. The comments need to be checked. On the one hand, avoid bad, aggressive and provocative comments. On the other hand, comments should be real. As comments from consumers that have brought the products before is an important way for consumers who want to buy the same products to know the products better, the authenticity of comments should be protected. For the users or the merchants who spread fake comments, Tiktok can give some punishment. Also, from this point of view, comments can be a good way to advertise and sell products. How wonderful the comments are usually has a great influence on sales. So if the platform can increase real-time control of comments on sales videos and products, then use the comments as an important aspect of marketing data. It will do much positive effect on promotion result [4].

The platform can take advantage of the parent firm. Tiktok belongs to ByteDance, a company steps in many different fields. Their business including sports, cars, short videos, life, communities and so on [11]. The parent firm has very solid and huge user resources that can be used by Tiktok. Tiktok can even develop more internal exchange and cooperation with the business in other areas. Cooperative activities, for example, cooperative sales and promotion are all the future measures Tiktok can use to enhance its power and user foundation. Then to bring more consumer to its e-commerce business.

4. Conclusion

Tiktok is now the most popular short video app in China and it also seem to have a bright future abroad. Through SWOT analytical method to study on the influence that the marketing strategy on e-commerce, the paper found that Tiktok does provides an unprecedented platform for the development of e-commerce industry. By using the high volume of traffic on the platform itself and the existing user base, e-commerce gets much more opportunities than before. And also, the external environment world wide is supporting this kind of digital product to develop. Beyond all doubt, Tiktok also has some disadvantages and they may be obstacle for e-commerce developing. The paper analyzes the advantage of Tiktok's marketing strategy can be used by Tiktok and also the negative side. Then the paper gives some suggestions depends on existing research and the author's own thought. These suggestions may help e-commerce, and also Tiktok itself to give full play to the strengths and improve the deficiency. By meeting the aim, first the paper can help the Tiktok to get a better developing future. More important, the paper can help the e-commerce merchants, no matter they are big companies or just a small workshop, They get more chance and surely more profits. Also can the paper help the consumers nowadays to step into a more convenience, more safe and more real shopping environment online. At a higher level, the development of Tiktok and e-commerce is actually a development of digital economy. However, the paper lacks some precise and specific data analyse. The research is only with an eye to the general marketing strategies and the overall situation. Future research can go into more detail and do a more precise analysis on consumers, platform users, sales data and so on. Then the future paper can give some more exact suggestions that suit the remedy to the case.

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