

The Rise Of TikTok: A Case Study Of The New Social Media Giant

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ABSTRACT

The COVID-19-induced lockdowns of 2020 caused millions of people to make greater use of social media platforms, including the TikTok mobile app. With over 800 million users globally and more than \$1 billion in revenues in 2020, TikTok has emerged as a major player in the world of social media content. This case study explores how TikTok can improve its positioning as a mobile app for businesses and consumers. It also analyzes TikTok as a method of disruptive marketing. Additionally, this study evaluates how TikTok became a significant platform for social influencers. By serving its customers' needs for curated and concise video content, TikTok has created digital marketing opportunities, including branding, reach, sponsorships, and influencer capabilities. This study has significance for researchers and practitioners and broadens contemporary assumptions about strategic planning for social media platforms.

KEYWORDS: TikTok, Social Media, Vine, Social Media Influencers, Disruptive Marketing, Artificial Intelligence.

1. INTRODUCTION

Watch a dance challenge. Listen to emerging performance artists. These experiences are readily available and enjoyed on TikTok, one of the most popular social media apps in the world. The COVID-19 induced lockdowns of 2020 increased usage of social media platforms like TikTok by people worldwide. TikTok boasted over 800 million users globally and more than \$1 billion in revenues (Iqbal, 2021). This case study explores how TikTok can improve its position as the go-to mobile app for businesses and consumers. The study also focuses on TikTok as a method of disruptive marketing.

TikTok encourages users to produce and upload short videos ranging from 15 to 60 seconds, giving everyone a chance to enjoy their own "15 seconds of fame." As one of the fastest-growing start-ups in history, TikTok took advantage of a concept pioneered by Vine, a lesser-known and ultimately unsuccessful video uploading service that offered a product similar to TikTok. Zhang Yiming, the owner of TikTok, has pioneered showcasing short-form videos. TikTok usage will continue to increase, as virtually everyone will own a mobile device (Yadav *et al.*, 2015).

A driving force for TikTok is the impact of social media influencers who post content on the platform. These influencers, because of their massive followings, are approached by brands to represent them within influencer-created content. For free promotional goods or cash payment, brands target influencers to endorse their products on social media profiles (Instagram, YouTube, TikTok, Facebook, and others). This phenomenon is referred to as influencer marketing (De Veirman *et al.*, 2019), and influencers with large audiences (i.e., followers) can earn substantial advertising revenue.

TikTok uses curated content by utilizing "likes" on videos, comments, shares, and the length of time spent watching videos. For example, if a user frequently watches dance videos, the TikTok algorithms will cause dance-related videos to appear when the user is online. Advertisers must understand how users influence, receive, curate, and interact via social media. The greater the understanding, the greater the effectiveness of content marketing strategies developed by the company (Kilgour *et al.*, 2015). The financial success of TikTok stems from ad marketing, which derives from how well it interacts with influencers. The purpose of this case study is to explore how TikTok can improve its position for businesses and consumers and analyzes the platform as disruptive marketing.

2. METHOD(S)

Case study analysis enables the examination of complex social phenomena (Yin, 2003). Case studies can enhance understanding of contexts, communities, and individuals (Hamilton and Whittier, 2012). A case study is, therefore, a key tool in understanding TikTok. The literature review includes an examination of qualitative and quantitative works that contribute to the

investigation of TikTok. These analyses provide a better understanding of what has driven TikTok to become "the sixth-largest social network... with 800 million monthly active users..." (Sehl, 2020).

2.1. ORGANIZATIONAL BACKGROUND

TikTok is among the most popular social media platforms. It uses a multi-faceted strategy of ad-based marketing, niche marketing, and short videos to captivate users. TikTok's corporate structure is changing. TikTok seeks to leave its China headquarters and escape current tensions developing there, as well as depart from the parent company, ByteDance (Murdock, 2020).

TikTok utilizes artificial intelligence to curate content and disruptive marketing to propel its rise to the top. TikTok is a borderless company that employs a young and diverse workforce. TikTok was created in September 2016 and launched for iOS and Android operating systems in 2017. Its competition includes Facebook, Snapchat, Instagram, and YouTube. TikTok purchased the once-popular video app Musical.ly in November 2017, merging the two platforms internationally in August 2018 (Influencer Marketing Hub, 2021a). Compared to competitors, TikTok has the considerable advantage of the highest engagement rates. In a study conducted across more than 100,000 profiles, TikTok had the highest engagement rates, 52.1% engagement overall (Yu, 2019). Influencers can choose to post sponsored content and earn a substantial income. Micro-influencers can earn \$25-\$1,250 per post, while Macro-influencers can earn more than \$2,500 per post. The amount can fluctuate based on engagement rates and the reach the influencers have (Influencer Marketing Hub, 2021b).

3. REVIEW OF LITERATURE AND DISRUPTIVE MARKETING

Disruptive marketing strategies span internal departments/functions and connect with external entities to ensure value creation is delivered to the company's primary stakeholders (Hult and Ketchen, 2017). The disruptive marketing strategy is apparent in both TikTok and its influencers who post on the platform. TikTok utilized the approach while overtaking the short video market. As the performance demanded by users increases over time, so does the performance provided within a technological paradigm (Thomond and Lettice, 2002). Users requested to post longer than just brief videos, and they sought more features as they produced short video content. TikTok delivered on the request, using the fall of Vine to their advantage. Disruptive marketing is an emerging technology whose arrival in the marketplace signifies the eventual displacement of the dominant technology in that sector (Ganguly *et al.*, 2017). Disruptive marketing is also a characteristic of influencers, particularly those who have developed and thrive on massive followings, because of the leverage with brands and TikTok that their size and influence give them.

Influencers in social media campaigns became very popular around 2010 (Wielki, 2020). Macro- and micro-influencers are immensely valuable in building a brand's relationships with potential customers. According to Wissman (2018), influencers have established relationships with their followers through the stories, videos, and content that they post. Forty percent of Twitter users have made a purchase as a direct result of a tweet from an influencer, so it's easy to see why many brands use influencers to spread their message (Wissman, 2018).

The categorization of macro-and micro-influencers is based on the number of followers, the particular communication platform, motivation to take action, and active or passive activity (Wielki, 2020). Macro-influencers are stars. They are household names, with thousands, even millions of followers (Hatton, 2018). Micro-influencers have between 10,000 and 500,000 very dedicated social media followers (Wissman, 2018).

Concerning disruptive marketing, micro-influencers serve a high niche audience. Content is curated specifically for their audiences, resulting in pairings with brands and followers that match the specific niche (Wissman, 2018). By contrast, macro-influencers begin working within a particular niche market, e.g., dance, then capitalize on opportunities to move into different areas of TikTok, e.g., comedy. The move allows macro-influencers to use disruptive marketing techniques by creating content for a market with an existing large following. This strategy enables macro-influencers to work with new brands and sponsors. The partnerships create value for all involved stakeholders (Insider Intelligence, 2021).

Micro-influencers provide a high return on investment while increasing breadth and depth, making it a low-cost marketing strategy (Insider Intelligence, 2021). Macro-influencers guarantee a large audience and diverse followers while expanding the breadth of the brand's social media exposure (HEP Paris Insights, 2019). "Brands are set to spend up to \$15 billion on influencer marketing by 2022" (Insider Intelligence, 2021). Brands that utilize macro- and micro-influencers as part of their social media marketing benefited from a return of \$5.78 per dollar spent on influencer marketing in 2019 (Wielki, 2020).

4. FINDINGS

This case study utilized SWOT and PEST analyses to demonstrate how internal and external factors impact TikTok. Good performance within a company results from an ideal interaction of business management with its internal and external

environments (Houben *et al.*, 1999). Companies that are informed and aware of their competitive surroundings are more likely to be successful.

4.1. SWOT ANALYSIS

STRENGTHS: TikTok entered the market after the fall of Vine, a once-popular performance video uploading format (See Figure 1). TikTok took advantage of Vine's failures and improved them; Offering longer videos and more options, including filters, music, and sounds, played a role in TikTok's rise. Another strength is TikTok's predominantly young workforce, which has helped create a platform that appeals to an audience of its young peers. The average age of TikTok users is between 16 and 24 (Wallaroomedia.com, 2021).

4.1.1. WEAKNESSES: While influencers are a driving force of TikTok, they can cause issues because the company is not in control of the trends. Businesses often look to Porter's Five Forces, more specifically buyer power, to evaluate their relationships with customers, influencers in the case of TikTok. Buyer power is strongest when customers are organized, concentrated, and well-informed, and when the business's products and services are undifferentiated (Green and McCann, 2020). The influencer market is highly concentrated and well-informed about current trends, and the services are undifferentiated. However, influencers who do differentiate are the most successful on TikTok. A unique characteristic of social media platforms is that users, including influencers, mainly control what is posted. Therefore influencers, not TikTok, control the trends that appear on the platform. TikTok must effectively monitor the platform and influencers, or they risk losing customer connections, thus decreasing market advantages.

Figure 1: SWOT Analysis.



4.1.2. OPPORTUNITIES: TikTok is an international brand that enables many opportunities. TikTok has offices located in different parts of the world. TikTok is looking to restructure and move away from its headquarters in China and physically separate from its parent company ByteDance (Murdock, 2020). Allowing different offices to work independently in other parts of the world permits TikTok to take advantage of cultural differences and trends, resulting in unique culture-specific content.

4.1.3. THREATS: The worrisome climate of China presents numerous threats, chief among them are long-term uncertainties. The U.S. has come close to banning TikTok, and India already has. Before banning TikTok, India was the largest consumer of the platform's content (Hayakawa, 2021). This is a prominent reason for the company wanting to leave its China headquarters. The U.S., under President Trump, voiced significant national security concerns regarding the company's Chinese ownership. The Trump administration specified the only way for TikTok to continue operating in America is to sell a considerable portion of

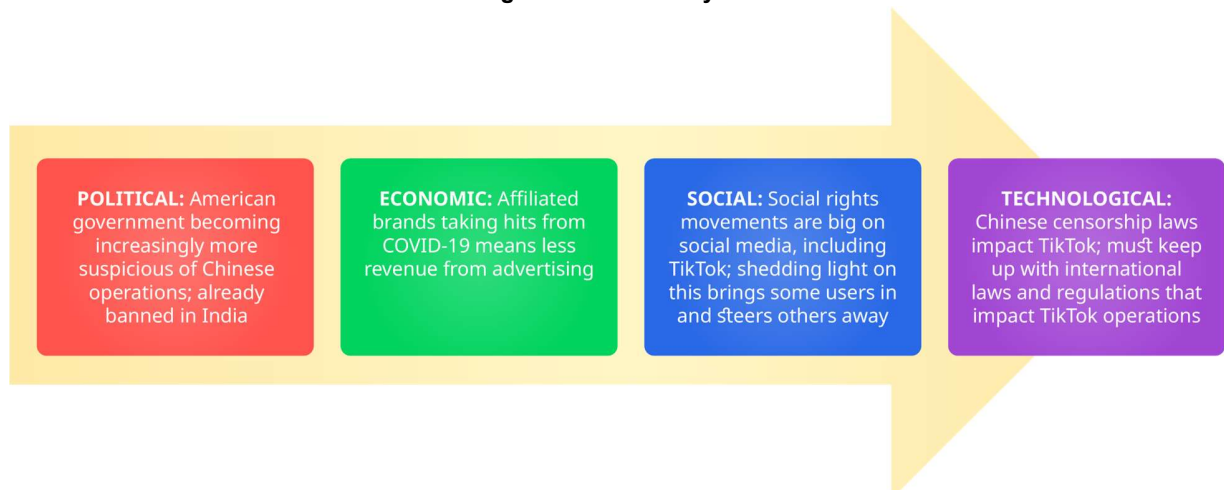
the company to American-owned interests (Groseth, 2020). The new Biden administration has not yet stated its position about TikTok. Another threat to TikTok is that other social media platforms, such as Instagram and Twitter, are beginning to emulate the short video trend that TikTok has pioneered. TikTok will need to determine how it can continue differentiating from competition to remain successful.

4.2. PEST ANALYSIS

4.2.1. POLITICAL: Suspicions around the world about Chinese operations are putting pressure on TikTok to make changes structurally (See Figure 2). If the business does not restructure, as previously stated, TikTok could face the risk of being banned in other countries. India has already made that decision, and others could follow soon (Hayakawa, 2021). Owner Zhang Yiming will have to approach this issue strategically to assure an acceptable result for all concerned.

4.2.2. ECONOMIC: The COVID-19 pandemic of 2020 has taken a toll on companies in every industry. The ad-based revenue stream TikTok has depended upon could be impacted by decreasing advertising budgets due to the pandemic. TikTok must continue to create sufficient revenue to support its infrastructure. These are challenging times for the advertising industry. Recently advertising expenditures have declined substantially worldwide. The situation is likely to worsen, with Statistics predicting that \$26 billion in advertising revenue will be lost in the U.S. due to the COVID-19 pandemic (Vorhaus, 2020).

Figure 2: PEST Analysis.



4.2.3. SOCIAL: Amid many social justice movements, businesses have responded by either developing new business revenues or resulting in revenue loss. Social media has played a crucial role in shedding light on the movements due to the massive reach of the various platforms. Because TikTok is one of the largest platforms, how the company responds to these movements will have a significant impact.

4.2.4. TECHNOLOGICAL: TikTok operates internationally but is currently based in China. This can create problems when providing content across borders with different laws and regulations regarding social media and other practices. An essential factor is Chinese censorship laws. The Chinese government has long kept tight reins on traditional and new media to avoid potential subversion of its authority. Tactics often entail strict media controls using monitoring systems and firewalls, shuttering publications or websites, and jailing dissident journalists, bloggers, and activists (Xu, 2014).

5. STRATEGIC IMPLICATIONS

Based on the analyses, it is expected that TikTok will continue to be a major player on social platforms. Ad-based marketing, paired with the powerful reach of influencers, has made TikTok the top growing social media platform globally. The company will need to leverage strengths and opportunities, as well as consider how to mitigate its weaknesses and threats. Several strategic implications were observed:

- A. TikTok should use the power of influencers to their advantage.** Teaming with influencers to understand trends and culture will benefit TikTok. Moreover, TikTok should closely monitor and manage the trends developed by influencers.

Employing influencers would result in first-hand information. The continuous data would be critical in taking this platform to the next level.

- B. The development of a new management team should include censorship specialists.** Due to international popularity, TikTok faces the challenge of monitoring and lobbying regulations that differ from country to country. Appointing specialists in this area would assist those at the China headquarters and around the world.
- C. Influencers should utilize the traditional approaches to marketing strategies.** TikTok influencers can use disruptive marketing to advance from a micro-influencer to a macro-influencer. Additionally, traditional marketing strategies, such as differentiation and niche approaches, are vital for growth in this market.
- D. Influencers should be required to create digital customer surveys for feedback.** TikTok is unparalleled in listening to customers and curating content. Influencers should likewise be directed to gather input through survey methods with the assistance of TikTok. Knowing what social media audiences prefer is imperative. Predicting how audiences will likely react to change would be a valuable tool for influencers and TikTok.

6. CONCLUSION

TikTok continues to be an emerging social media platform that offers excellent potential for cutting-edge businesses that seek to attract a younger demographic. The strength of TikTok's influencers is the source of the platform's success. Social media influencers represent a new type of independent, third-party endorser who shapes audience attitudes through blogs, tweets, and the use of other social media (Freberg *et al.*, 2011). This case study explored how TikTok can improve its application for businesses and consumers while analyzing the platform against the backdrop of disruptive marketing. Influencers' ability to shape TikTok audiences is crucial for success. Still, the company will need to use these influencers more to its advantage. While the company has weaknesses, the strengths far outweigh its weaknesses. The company has pioneered short video technology and is atop of the social media content industry. Technology has had a significant impact on the delivery of library inquiry and reference services, from the introduction of first-generation technologies such as email and chats to second-generation technologies such as Facebook and Twitter (Benn and McLoughlin, 2013). TikTok is the next generation of social media. By satisfying customer needs with curated video content concisely, TikTok has numerous opportunities for digital marketing, including branding, reach, sponsorships, and influencer capabilities. This case study is significant to researchers and practitioners because it broadens contemporary assumptions about strategic thinking for social media platforms.

CONFLICT OF INTEREST

None.

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