

TikTok's Advertising Policy in the Chinese Market and Impacts on China's Internet Economic Advertising Market

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ABSTRACT

In the context of the rapid development of China's Internet economy, TikTok, as a short video platform with an oligopoly position in China's Internet economy, has a strong influence on platform advertising. By investigating TikTok's existing advertising strategies, including surveying user experience and the effectiveness of different advertising methods, as well as analyzing China's existing policies on Internet platform advertising, SWOT analysis methods help evaluate the situation of TikTok, based on its internal and external competitive environment. In addition, the impact of TikTok's existing advertising strategy on the platform itself and China's Internet economic advertising market is considerable and far-reaching. Based on the analysis of the above, three managerial suggestions for TikTok's advertising strategy are listed.

Keywords: *online advertising, Internet economics, platform*

1. INTRODUCTION

Under the rapid development of China's network advertising market in recent years, an oligopoly market has been forming. Owned by ByteDance, a Chinese multinational Internet technology company headquartered in Beijing, the Chinese version of TikTok is a social networking platform focused on video sharing that has rapidly gained popularity since first being launched in September 2016. With more than 173.2 million monthly active users in China and 800 million users worldwide, Douyin has been titled the most downloaded app of 2019 appearing to hold an incomparable leading position in the social media platforms market. While TikTok has primarily been used for entertainment purposes, its substantial users base has allowed companies to advertise and rapidly reach their intended demographic: the majority of its users are from the developed metropolitan cities in China which 86% of them are up to 35-year-old (collected in September 2019), composing a young and affluent user base. Through its user hierarchy management system and AI algorithm, TikTok selects and pushes various types of ads, including open-screen ads, feed ads, music

advertising, live stream marketing, to users' orienteering preferences. In addition, TopBuzz, one of China's most popular news apps also owned by ByteDance, use artificial intelligence algorithms to generate endless story dynamics for 120 million daily users and have decided to combine with TikTok to expand their user base, strengthening TikTok's oligarchic position in the Chinese network marketing market.

The main purpose of this paper is to evaluate the impact of the advertising business of TikTok, which is a distinctive oligarch in the Internet economic advertising market. In the following paragraphs, the macro-environment analysis helps evaluate the current situation of China's Internet economy and summarizing the development trend of the online-advertising market in recent years. The second section discusses the overall situation of TikTok's current pricing strategy by investigating TikTok's official advertising service information and conducting a relevant survey analysis. In the third section, China's existing policies either supporting or inhibiting the expansion of online-advertisement business are introduced. In the fourth part of the article, the SWOT model evaluates TikTok's advertising business, and further analyzes its

development status as well as impact. In the fifth part, some alternative managerial strategies are provided for TikTok.

2. OVERVIEW OF CHINA'S INTERNET ADVERTISING MARKET

2.1 The Development Status

According to QuestMobile, China's advertising market size reached 914.39 billion yuan in 2020, while the scale of Internet advertising reached 543.93 billion yuan, maintaining a rapid growth compared with 2019 and 2018, especially Internet advertising.

1) Shift the center of marketing platform to mobile terminal

With innovative and revolutionized functions, mobile phones have gradually replaced computers and developed into indispensable tools for people to contact and obtain information from the surroundings. Because of this, Chinese Internet marketing has been concentrated on the development of mobile terminals; mobile terminal network marketing models are now at the forefront of Chinese network marketing.

2) The Impact of the Pandemic

The number of Internet users in mainland China increased by 85.4 million yuan between March 2020 and the end of this year, according to government data, as the coronavirus pandemic forced more people to stay indoors and go online. The pandemic has also changed consumer shopping habits, accelerated the shift to digital, and created more online consumers.

2.2 Trend of Development

With the steady growth of PC and mobile Internet monthly active users and daily usage time per user per month, the advertising scale has a solid foundation. It is expected that China's advertising market will exceed one trillion yuan, and Internet advertising will also exceed 800 billion yuan in 2022.

In terms of the composition of Internet advertising, mobile Internet advertising accounted for 89.2%. PC advertising accounted for 7%. OTT and intelligent hardware advertising accounted for 3.8% in 2020. Among the three parts, PC advertising accounted for a continuous decline, from 10.8% in 2018, all the way down to 7%. A small proportion of mobile Internet advertising was occupied by OTT and intelligent hardware advertising. The reverse trend has been formed, and it is expected that this trend will continue in the next few years.

3. TIKTOK'S EXISTING ADVERTISING BUSINESS

3.1 TikTok's Advertising Strategy

3.1.1 Pricing Methods

At present, TikTok mainly has three main pricing methods: CPM, CPA, and CPC, each of which has its own advantages so as to satisfy the requirement for different forms of advertisements as well as various purposes. On TikTok, although CPA and CPS are not so common as the above three, they also occupy a significant position in both TikTok's and advertisers' advertising pricing strategies.

Firstly, **CPC (Cost Per Click)** refers to a pricing method based on the number of user clicks. If the advertisement link placed by the advertiser is clicked by the user, TikTok's advertising system will charge the advertiser a certain amount of advertising fee. The advantage of charging by CPC is its **high conversion rate**: generally, users will click on the information they are interested in, and advertisers can explore and analyze the potential needs of users through user clicks data, and then push related products for target users. On TikTok, the internal competition among various industries should not be underestimated. Advertisers who are charged according to CPC cannot avoid malicious clicks by competitors in the same industry, which may increase their cost of advertising. In general, the CPC pricing method is suitable for advertisers with small budgets and high-performance requirements.

Bidding advertising is a new form of online advertising that is independently launched and managed by users, ranks by adjusting prices, and pays for advertising effects. On TikTok, the basic feature of bidding ads is pay-per-click. Promotional information will appear in the users' search results (usually in the top position). If it is not clicked by the user, no promotion fee will be charged. At present, the CPC for TikTok's Feed ads is 0.2 yuan. Since the monetary value of a click is not uniform across all positions, because the conversion rate is the highest at the top and decreases as the position of the search engine results page drops [1], advertisers ought to auction for a desirable ads position by changing their CPC. However, the specific advertising click charges are related to many aspects. For example, each advertiser has a different business model and development plan. Some advertisers aim for stable and gradual gains, while some advertisers are more anxious and want quick gains, so that they increase their bids on advertisements and thus raise the final CPC. Moreover, the competitiveness of advertisements in different industries varies, and the required placement of advertisements can be different, both of which will affect the bidding of advertisements and click costs. Besides, advertisers with higher product relevance to user

keywords will bid higher, which leads to efficient sequential searches by consumers and an increase in total output [2].

Secondly, **CPM (Cost Per Mille)** refers to charging per thousand exposures. Exposure means that the video appears on the screen of the user's mobile phone, regardless of whether the user watches it or not. On TikTok, the CPM of Feed ads is 4 yuan, that is, for every thousand exposures of an advertisement, TikTok charges advertisers a 4-yuan advertising fee. The advantage of CPM billing is that the price is low: Assume that the ad click rate is 2%, the CPM price is 4 yuan, and then the cost of a single click is only 0.2 yuan. In addition, advertisers can optimize the video's quality to increase the click-through rate of the advertisement and increase the output. According to empirical research, the impact of a company's positioning strategy and ranking in a listed company on the click-through rate is strongly regulated by its ability to differentiate from its competitors [3]. Assuming that the video is continuously optimized, and the click-through rate is increased to 4%, the cost per click is only 0.1 yuan. However, under the CPM pricing method, the audience's preferences cannot be accurately predicted. Only through mass exposure, potential customers can be found to a greater extent. Therefore, the CPM pricing method is suitable for advertisers with sufficient budgets and brand influence.

Thirdly, **CPT (Cost Per Time)** refers to a pricing method that the advertiser is charged according to the delivery time. The advertiser can choose to place advertisements at any time frame within 24 hours, and during this time frame, no matter how many times the advertisement is displayed, only one time is charged for the advertisement. TikTok's open-screen advertisement is charged according to the CPT method, and the advertising price starts at 1 million yuan. Besides, it takes 300,000 yuan to run a TikTok sticker advertisement once, and it takes at least 7 days at a time. The prices of these two forms of advertising are very high and are not suitable for small and medium-sized enterprises.

Fourthly, **CPA (Cost Per Action)** is a pricing method based on the actual effect of advertising, that is, charging according to valid questionnaires or orders in response, without limiting the amount of advertising. The CPA pricing method has certain risks for the website, but if the advertising is successful, its revenue will be much larger than the revenue gained by utilizing the CPM pricing method. In order to avoid the risk of excessive advertising costs, advertisers only pay the fees according to the number of actions that users have already clicked on the advertisement and linked to the advertiser's webpage.

CPS (Cost Per Sales) is a pricing method that calculates advertising costs according to the actual number of products sold. This kind of advertising is fairly suitable for websites that require high conversions

through accurate traffic. The shopping-guide and website-navigation ones are typical examples. However, this type of pricing method accounts for a relatively small proportion of TikTok's advertising strategy.

For any online advertising to achieve an admirable effect, it must pass three basic steps: (1) show the advertisement to the user; (2) click on the ad; (3) the user completes some specified operations on the website, such as registration and consumption. The two pricing methods, CPT and CPM, focus on the first step. As long as the platform displays the advertisement to the users, the platform can charge the advertisers. Another pricing method, CPC, is carried out in the second step. When the user completes the click operation, the platform will charge the corresponding fee. CPA and CPS pricing methods are based on the third step. Only after the user completes a specific operation on the advertiser's website, the advertiser needs to pay the advertising fee to the platform.

In general, from the perspective of protecting the interests of different individuals, CPT and CPM protect the interests of website owners, CPC is the intermediary of all advertising models, while CPA and CPS tend to protect the interests of advertisers.

Analyzing the advertising price, the prices of CPT and CPM are relatively low, while CPC is in the middle, and the prices of CPA and CPS seem to be much higher. Therefore, companies of different sizes ought to choose the most appropriate pricing method and advertisement forms according to their own advertising purposes.

3.1.2 Advertising Forms

The diversification of TikTok advertising forms enables advertisers to purchase the most suitable advertising service by evaluating their advertising purpose, budget, business model, product positioning, etc., with the aim of profit maximization.

1) Open-screen Ads

Open-screen advertising is a form of high exposure, which refers to the full-screen advertising that appears when the application is opened. It has a strong visual impact and is common in applications with high traffic and daily activity.

On TikTok, open-screen advertisements can be divided into three categories: video content, dynamic pictures, and static pictures. They will not exceed five seconds and can be skipped by users. As the first pass of the application's entrance, it can lock the main force of the new generation users. However, with a high exposure effect, open-screen advertising is a relatively expensive advertising form, whose applicable pricing methods are CPT and CPM.

2) Guaranteed Delivery Single-Page Feed Ads

Guaranteed Delivery (GD) advertisement means that the advertiser has confirmed to the media that a certain number of advertisements will be delivered when the advertisement is placed, and the media has confirmed that these advertisements will be played. And before the advertisement is launched, the two parties have agreed on the price and volume of the advertisement.

On TikTok, GD Feed advertisement is to make the content of the advertisement in the form of TikTok's video. Then, the video will be placed in the user's recommendation stream, so that when the user swipes the recommendation stream, they can see the content of the advertisement. Generally, GD information stream advertisements appear in the 3rd or 4th position of the recommended stream. This kind of advertisement can be in the form of a video or picture group and is pushed based on user interests and contextual browsing. Compared with the form of strong exposure, it is more natural and more targeted. Its interactive features are also conducive to strengthening the brand impressions. Besides, the feasible pricing methods used in this advertising form are usually CPC and CPA.

3) Cooperation with TikTok Celebrities

There are many Internet celebrities with many fans in TikTok. These TikTok celebrities have a significant influence among their fans, and this influence lays the foundation for advertising. Brands can work with these TikTok celebrities to intersperse the products in their videos, so that their fans will be able to see the advertising content, thereby achieving the role of promotion.

Initially, the methods for online celebrity to promote the goods was limited to product placement in videos and pure soft advertising. After the opening of the TikTok store, it becomes more convenient for online celebrities to promote products. Users can enter the TikTok store from the main screen to complete the order, which facilitates the flow monetization. Compared with the other types of advertisements, the conversion of the advertisements cooperating with TikTok celebrities is more direct.

There are two pricing methods that are suitable for this form of advertising. One is to directly contact the TikTok celebrities, and the pricing is determined by both parties. The other one is to contact the Internet celebrities through a third-party platform, and the pricing is based on the size of fans.

4) "Challenge" Ads

The TikTok Challenge is customized and promoted according to the needs of advertisers. It is like topics, but with a dedicated topic page. Common challenges often attract users to use designated stickers to shoot and upload videos, ranking and sending prizes according to

creativity and interaction. This advertising form is common in gourmet products promotion.

TikTok Sticker Ads

A TikTok sticker is a sticker decoration that can be added to the video when the TikTok video is shot. The picture related to the product, or the business is made into a sticker and placed in the front position of the sticker bar, so that it is more likely to be used by users. This is a way that users take the initiative to apply and can be seen by other users after the video is broadcast, triggering a second use, which can strengthen the brand's impression.

Topical Activity Ads

Using TikTok topics to plan brand-related topical activities, attracting users to join spontaneously, shoot videos and upload them according to the requirements of the activities, in order to enhance the brand's influence. This method requires the brand itself to have a relatively high reputation and relatively large influence to be successful. If the advertiser's own popularity is not high enough, even if it holds a topical activity, too few responses will not play a role in brand promotion.

3.2 ByteDance Affiliates Behind TikTok Advertisement Service

1) Ocean Engine -- Marketing Platform for TikTok

The advertising exchange platform is oriented to advertisers in the advertising ecosystem, and advertisers can complete the advertising purchase process on the platform. Ocean Engine initially served the advertising of TopBuzz(Chinese version). After the expansion of TopBuzz's territory, all its marketing resources can be traded through Ocean Engine.

Relying on the huge user groups of TopBuzz and TikTok, Ocean Engine has accumulated a rich targeting system that divides users into 9 major targeting dimensions and 1000+ groups, which is conducive to more accurate advertising delivery by advertisers.

2) Ocean Star Map -- Matching Service Platform Between Advertisers and Ads Designers

Advertisers may face two dilemmas. One is that they don't have any creative ideas for direct advertising, and the other is that they want to install native ads, but they don't have the resources to directly contact TikTok celebrities or MCN agencies to negotiate cooperation. To help solve this problem, TopBuzz designed two products under the company Ocean Engine:

One is the Star Map Collaboration, which is used to connect advertisers and video creators, and the transaction is "video material", so on the Instant Platform, it is the advertising studio that trades with advertisers.

Another one is the Ocean Star Map, which is a service platform for brand owners, Multi-Channel Network companies, and celebrities to conduct content transactions. This platform is used to connect advertisers and celebrities, and the transaction is "celebrity", which corresponds to the above-mentioned product placement advertisements in cooperation with Internet celebrities.

3) TikTok Store -- Small Shop Business Service Platform

TikTok Store can complete the process of promotion and expansion of traffic in the backstage of TikTok merchants. In the advertising context mentioned here, every business is an advertiser. They can choose the video under the current account for promotion. After selecting the product, they can choose the target audience based on the region, gender, and age group. The promotion fee needs to be recharged by the merchant in advance. This platform manages to convert the website traffic to cash.

4) DOU+ -- Creator's Video Promotion Platform

DOU+ is a secondary promotion tool for creators, which is essentially an advertisement that the creators are on the demand side. After selecting an existing video, the creator can choose the delivery time, targeting method, and delivery amount, etc. Later, the platform will provide fan click rate, interaction rate, and other effect evaluation data.

In conclusion, TikTok and its ByteDance affiliates (products) have already connected with advertisers, creators, MCN agencies, advertising channels, and other roles. Relying on the Ocean Engine, TikTok is gaining market share in more links related to TikTok and establishing its own "content + service" closed loop.

4. SURVEY ANALYSIS

4.1 Survey Design

This survey serves as evidence for providing quantitative data and information about the user experience of TikTok advertisements and helps show the effectiveness of different types of ads. The questionnaire was spread through Internet, by using the app WeChat.

To classify users, the questionnaire asks them about their gender, age, and geographic location. There are six groups of ages: under the age of 18, 18-23, 24-30, 31-40, 41-50, over the age of 51, which are students, users with jobs, and middle-aged people. For different geographic locations, there are first-tier cities, which are the most developed cities in China, new first-tier cities, second-tier cities, third-tier cities, and cities over the third tier. To know about how users react to ads in TikTok, users can choose the extent of 1-5 they usually react to TikTok ads, in which 1 is cross the ads out and 5 clicks and open the ads. To know about the effect of ads, this survey asks users about have they ever bought the product from the ads. Also, to test the user experience of ads, the survey asks them about how they think about the frequency of TikTok ads by choosing the extent from 1 to 5, in which 1 is "does not influence using experience" and 5 is "the frequency is too high". There is a question designed to see which ads users see most. Namely, the options are soft ads implanted in vlogs, traditional ads pushed by TikTok, and live-stream ads. At last, the survey asks users which type of ads in the above is most effective to make them buy the products.

Finally, this survey collects 1119 answers from 25 different provinces in China; 383 questionnaires were answered by man users, and 736 of them were answered by woman users.

4.2 Survey Analysis

4.2.1 Age & Gender

Figure 1 shows the relationship between users' age, gender and whether they have ever bought a product form TikTok. Users aged from 24-30 have the strongest purchasing incentive. Generally, 70.04% of users aged 24-30 have bought at least one product. 70.74% of 24-30 aged women have bought at least one product from TikTok advertisement, and 68.79% of 24-30 aged men have bought at least one. The purchasing rate of people of age 18-23 and 31-40 is generally the same, 63.96% and 63.74%. Women have higher purchasing incentives except for 18-23, but that could be due to the smaller sample size of men.

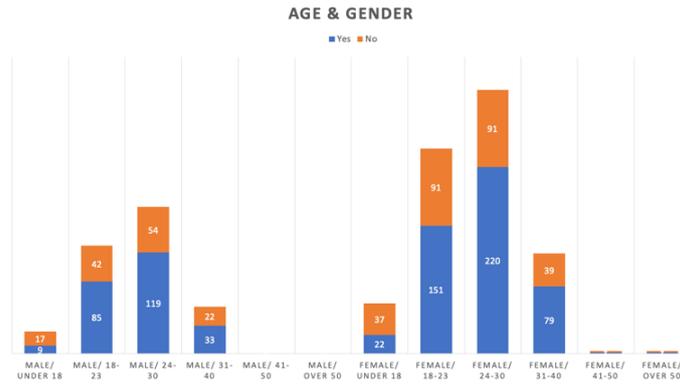


Figure 1 Age and Gender Information

4.2.2 Advertising Method

Figure 2 shows the relationship between users of different genders and whether they have purchased before. For both men and women, live-streaming is the most effective way to let them buy the commodities, and

60.57% and 60.75% of men and women who have ever bought products from TikTok chose that live-streaming has the strongest impact on their purchase. The second effective way is product placement, which 52.44% and 52.11% of men and women who bought products before chose it as an effective way to influence their purchasing decision.

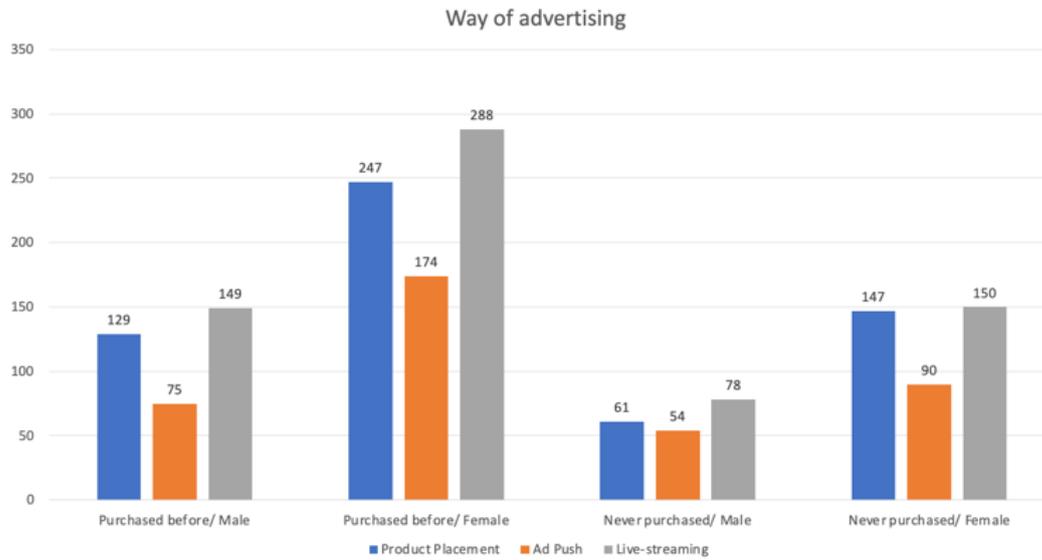


Figure 2 Different Advertising Methods' Influence on Users of Different Gender's Purchasing Behavior

4.2.3 Geographical Impact

Figure 3 shows the relationship between users in different geographical locations and whether they have

purchased products from TikTok before. New first-tier cities and second-tier cities have the highest purchasing rate, which is 69.23% and 70.79%.

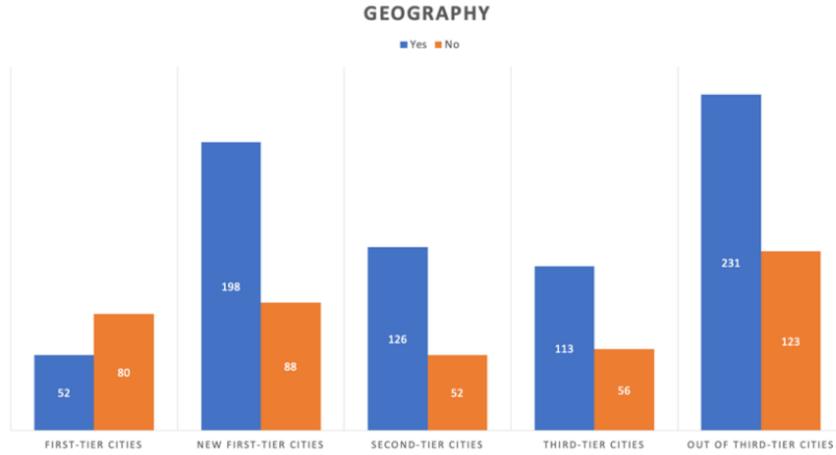


Figure 3 Geographical Impact to Purchasing Behavior

4.2.4 Users' Attitudes Toward Ads Impact

Figure 4 shows the relationship between Users' attitudes towards Ads show up frequency and Users' purchasing behavior. Users' attitudes toward ads

frequency do not affect whether they buy products or not much.

62.9% of users who have ever bought a product think the frequency of ads pop up is too high (choose a score of 4 or 5).

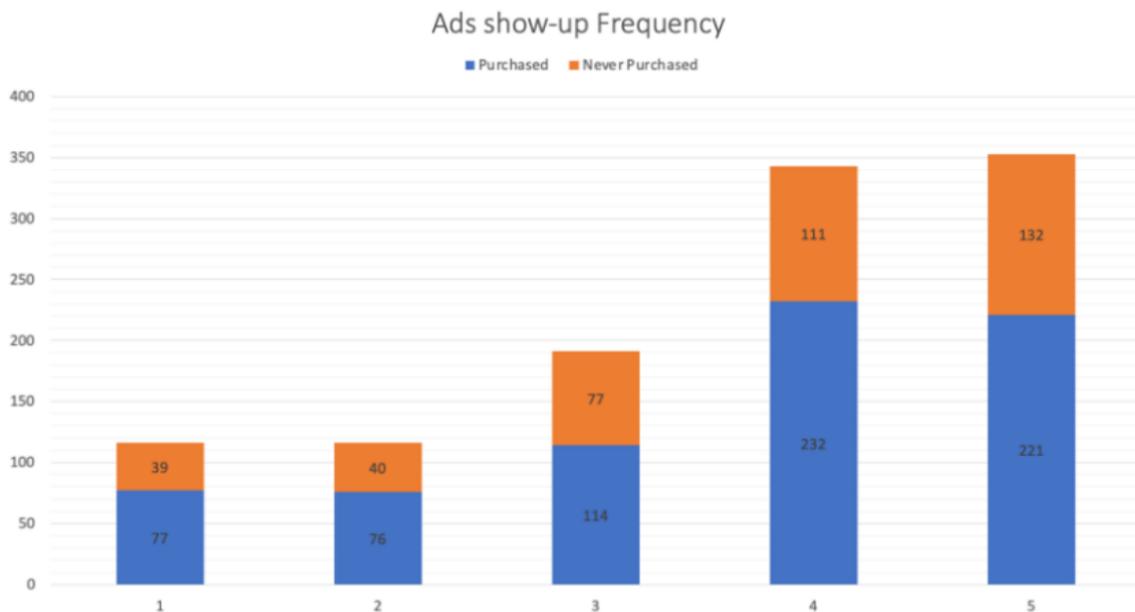


Figure 4 Users' Attitudes towards Ads show up frequency and Users' Purchasing Behavior

5. CHINA'S EXISTING POLICIES

Policies that have already been carried out by the Chinese government influence the advertisements and the pricing strategy of platforms and advertisers.

E-commerce enterprises are encouraged to provide traffic support through various channels such as poverty alleviation channels, special zones, and live streaming with goods, open farmers' access to green channels, and broaden the market for agricultural products that are slow to sell [4]. This policy created more chances for farmers

that have hardships selling their products. Consumers can also benefit from this because they can buy products at a cheaper price.

Novice companies are provided with consumer traffic support of sharing one billion exclusive consumer traffic [4]. This policy provides opportunities for new enterprises to promote their products. In this case, more companies will take part in the live stream advertising market and add more competition to it. The traffic support encourages companies to advertise not only offline but using various methods like live streams.

If an individual consents to the processing of personal information, the individual has the right to withdraw his or her consent [5]. The person handling the personal information should provide a convenient way to withdraw consent. This policy ensures users' information that they leave at other platforms or apps will not be obtained by advertisers and send personalized ads. Advertisers, in this case, cannot set price discrimination to users based on their personal information, and users would have a better purchasing environment.

Personal information processors who send ads through automated decision-making should provide options that do not address their personal characteristics or provide individuals with a way to reject personalized ads [5]. This policy restricts advertisers and platforms

from sending personalized ads to users to fully utilize their profits. However, users have more freedom to choose whether they want personalized ads or not, as their personal information will be protected.

6. SWOT ANALYSIS

SWOT analysis is a strategic planning technique used to help individuals or organizations identify their strengths, weaknesses, opportunities, and threats. In this study, the SWOT model can be used to evaluate TikTok's comprehensive competitiveness and be used for subsequent impact analysis and future strategic suggestions. The SWOT analysis in this report is summarized as the main points shown in Figure 5.

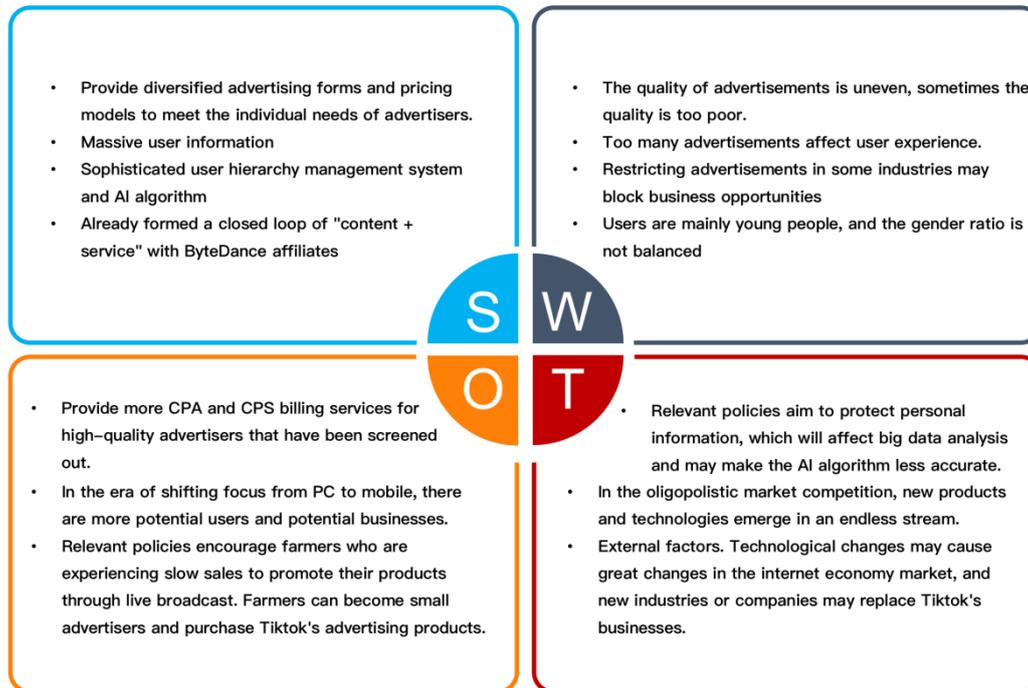


Figure 5 SWOT analysis of Tiktok's advertising business

7. IMPACT OF TIKTOK'S ADVERTISING STRATEGY

7.1 Impact on the platform

The various and comprehensive advertising strategies of TikTok bring advertisers consistently. Both large and small companies can find suitable strategies to advertise. The advertising industries include the car industry, food industry, beauty industry, and so on, which also ensure product diversification of TikTok. Due to the extensive advertising strategies and more advertisers, TikTok has a large database of advertisements, and thus more advertisements need to be screened. With more advertisements to be screened, the quality of advertisement will be higher, and will better attract users to purchase. In this case, advertisers can gain more revenue compared with advertising on other

platforms, and users will have a better experience in TikTok.

ByteDance, the parent company of TikTok, creates more opportunities for advertisers. TikTok and other companies under ByteDance can create a link and community between each other, and thus will target consumers with more information. In this case, its status in the oligopoly market will be reinforced, and hold a larger market share.

7.2 Impact on the Chinese Internet economic advertising market

The specialized short videos provided by TikTok revolutionizes modes for video platforms and various features of advertisements. Due to TikTok's status in the oligopoly market and its successful use of AI technology in the app, it has had a strong impact on China's Internet

economy. The occurrence of short video app creates a new way of advertising with a powerful influence on users and increases the market competition. To be more competitive in the market, companies need to develop and differentiate their products from others to gain profit. However, this results in a barrier for small and middle-sized companies to get into the market. Small and middle-sized companies have less cash flow and competitiveness, so they will not have much to devote to advertising. Thus, users would only see large companies and have a deeper impression about products in these advertisements.

TikTok advertisement increases consumption in China. With more exposure to the products, users would consume more, and advertisers also pay to the TikTok platform. Advertisement thus will trigger consumption and contribute to the GDP. This is helpful during the pandemic and helps boost the economy in certain areas so as to solve poverty problems.

The traditional advertisement industry will be hit. In the past, companies could advertise in magazines, on railroads, etc. However, with the occurrence of TikTok and other short video apps, a variety of new advertising strategies gives more choices for advertisers and ensures better advertising performance. As a result, it would hinder the development of the traditional advertising industry.

8. MANAGERIAL SUGGESTIONS FOR TIKTOK'S ADVERTISING STRATEGY

1) Provide more CPA and CPS billing service

TikTok has been mainly adapting three pricing methods -- CPM, CPA, and CPC -- as its advertising strategy to protect the stability of the interest of the platform; CPA and CPS are not as common since they hold a relatively higher risk with fluctuation. However, it is encouraging for TikTok to provide more CPA and CPS billing services. The benefit of these two pricing methods is considerable: CPA is easier to sell out compared to other types of metrics and it's a good one for enterprises since they do not tend to sell out their product directly to consumers. And more importantly, the medium used in this model is cost-effective and has great marketing efforts. Whereas for CPS, it will be an ideal choice for traditional products and brands. This model is relatively low-risk, and every sale can be trackable and offers specific analytics and visibility over the ads campaign. Thus, with the consideration of these advantages, TikTok is encouraged to enhance its usage in CPA and CPS billing services.

2) Shifting focus from PC to mobile Internet

TikTok can also expand its popularity and user base by shifting its center from PC Internet to mobile Internet. By looking at the data, it's clear that the monthly users

of mobile Internet have been experiencing a steady increase while the PC users have been decreasing in the past few years. Moreover, since the main advantage of mobile Internet is convenience, it will enable more small businesses and private businesses to join the market. And it will also be easier for the platform to access personal information through their mobile user clients and push related ads accordingly and orienteering. Therefore, it is encouraging for TikTok to pay more attention to their development in mobile Internet.

3) Establishing a special live stream service

Since TikTok covers a wide range of user bases and its popularity has been keeping soaring, it's possible for certain policies to be carried out to encourage farmers and other manual workers to promote their products on the platform. TikTok can encourage a wide range of users of different ages, locations, and jobs by providing special live stream channels for them to promote their products. This can possibly solve one of its weaknesses - its users are mostly young and the gender ratio is not balanced - by encouraging individuals to become small advertisers, benefiting the whole society eventually.

9. CONCLUSION

The mechanisms and effectiveness of TikTok's main advertising and pricing strategy have been analyzed, compared, and inferred in this paper. The paper also reviewed the current development of China's network advertising market and existing policies. In addition, a survey is conducted and analyzed to show the effectiveness of different types of ads, and the SWOT model is constructed to evaluate the effectiveness of the current pricing strategy of the platform. Lastly, based on the SWOT analysis and market development trend, the focus of the paper was to provide some managerial suggestions for adjusting weaknesses while developing opportunities simultaneously. All in all, TikTok's current advertising policy plays a huge role in strengthening its oligarch position in China's network industry, yet there are still several aspects that can be improved to exceed its current limitations and weaknesses. This paper was designed to evaluate the effectiveness and impact of advertising and pricing strategy used by Tiktok. In the future research, it is expected to delve deeper into the mechanisms of various strategies and carry out more constructive suggestions.

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