

TikTok: A Must-Have App

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ABSTRACT

Social networking has become the order of the day or the current generation. Developed in 2016, the impact Tiktok has had is a matter of concern. Thus, this research takes an interest to assess the marketing process of the company and the competition that the company has had to endure despite its current success. Majorly, the study is revolved around Tiktok in the Chinese market where the study employs an assessment of aspects that have helped the brand develop. The data for the research uses systematic sampling of the online literature from news sites and analyzed using approaches that are described in other secondary writings. It was found that Tiktok has had to encounter stiff competition from Kuaishou which contains pure Chinese literature and WeChat which covers every section of human interaction. Furthermore, the brand relies on the marketing strategy put in place by ByteDance first by acquiring Musically and the watermark in every video. COVID-19 was a trigger that got several people hooked on the app and its spread was influenced by the neighborhood effect. Generally, it is from from a combination of events that the brand used to attain the current prosperity to acquire billions in profit and the largest market share in China.

Keywords: Social network, Market strategy, Competition, Short Video, subscribers

1. INTRODUCTION

In 2016, Tiktok was launched and stood to compete with a five-year-old app like Kuaishou and WeChat in the world's second-largest market [1]. Essentially, the features of TikTok allow its users to make videos lip-syncing and dancing. In November 2017, the ByteDance bought Musical.ly for 1 billion USD bringing on board a whopping 80 million users initially subscribed to the newly acquired brand. In south-Asia, the number stood at 62 million in 2018 and grew to 130 million at the end of 2019. TikTok has grown from 105 million to 600 million users in 2021 in China alone [2]. In 2021, the company had 3.3 billion downloads on a global scale. In China, TikTok was the third most downloaded non-gaming app in 2021. This has transformed into revenue from 63 million USD in 2017 to \$4.6 billion in 2021 about a 142% increase from 2020[3]. Despite most of the data available describing the current success of the brand, there is limited information that has downed on the matter to address the specific factors that have contributed to its success of popularity. In this paper, we assess the aspect driving the success of the application focusing on the Chinese market. The report tries to answer the question: How has TikTok turned out to be a must-have app on phones? To achieve the objective of this research, data were collected from primary articles and online

documentation as well as the company websites. A systematic selection of the document was undertaken with the most relevant articles preferred in the write-up. By understanding the formulation and elements of the app, it becomes easier to understand its fast growth rate and popularity. This information when utilized by other companies to improve their strategy to effectively maneuver the competitive digital industry.

2. COMPETITORS OF TIKTOK

As stated earlier, TikTok was first introduced in the Chinese market in 2016. It was not the first app of its kind nor did it remain the last. Other several applications have been initiated in the country that including Kuaishou, WeChat, and Xigua which are owned by ByteDance and Weishi.

2.1 Kuaishou

Kuaishou is the second-largest short-form video app in China falling behind TikTok. The company was the first app creator in china for the short-form video manipulation. Founded in 2011, the app has millions of subscribers with the highest number reaching 1 billion in 2021 about 200 million users behind the lead app, WeChat [4]. Kuaishou reported a total of 3.2 billion USD

in 2020 and gained an increased revenue collection by 33.4% by the third quarter of 2021 due to the adoption of the e-commerce in to their services [5]. Despite being second to TikTok, Kuaishou is unique with the larger aspect of the videos that contain Chinese content that is shared widely mostly within China. Kuaishou's new ally, Tencent is strategizing to help the company to grow into a Chinese kingpin based on technology and digital strategy. A prediction by the Pandaily indicated that the platform would hit 1.1 billion users by the year 2025, an indication that the company has a slow growth rate due to the stiff competition from Douyin.

2.2 WeChat

Founded in 2011 by Tencent, the app has been described as "the super app" or "app for everything" due to its wide range of functions that it can perform. The app is not limited to video creation and editing like in TikTok and Kuaishou, but allows messaging, audio communication sharing of the picture, money transfer, and gaming app. In 2018 with over one billion active subscribers, the app was described as the largest stand-alone app globally. The app has been reported to have more than 1.2 billion users that helped to collect up to 16.23 Billion USD accounting for 22% of the total revenue collected by Tencent [6]. WeChat has a wider range of services thus providing a one-stop option for its users while TikTok is limited to video creation and sharing. Technically, with the presentation of all-in services, it is likely to advance its influence in the Chinese market.

WeChat has been in existence for over 10 years making its brand stronger and more popular in the china market as compared to TikTok. On the global ranking for the number of active users, WeChat was ranked 5th with 1.2 billion ahead of TikTok which has 1 billion users. Most WeChat users are within China and Southeast Asia hence portraying that it lacks diversity. Unlike TikTok which has grown to dominate the world gaining popularity in many foreign countries, WeChat has failed to gain a grip in the outside world with the US prohibiting its transaction services.

Within China, there are numerous similar mobile applications that have posed a competitive environment that has not gained the attention of the global market. These include but are not limited to Xigua Video with 270 million monthly active subscribers. However, has longer videos featuring films and TV drama; Douyin Huoshan meaning videos from overseas has 170 million monthly active subscribers; and Weishi that was created in 2013 and is Tencent's own platform with short video limited to 30 seconds [7]. It has 120 million monthly active subscribers.

3. STRATEGIES OF TIKTOK

TikTok's Creator and developer, ByteDance is a Multinational internet technology company based in Beijing, China. It was founded in 2012 by Zhang Yiming in Haidian District. Currently, the company's revenue stands at 58 billion USD as of 2021. The company has founded several products virtually with the aim to entertain, educate, inform and inspire people on global scale. Under his leadership, Yiming has helped in the reshaping of the live streaming of video through his app, TikTok. The app developers took the best features from the different social media in existence to bring about a social network that combines, visual aspect, audio and the essence of the social network [8]. TikTok focused on digging the potential internet celebrity and packed them out. Thus, the app made use of a platform that would offer easier editing requirements, ease access and manipulation of the products and allowed the people to connect easily with each other on a social platform that is unique and creative. Through the combination of the super photographic feature from Instagram, the textual aspect of Facebook and YouTube's video element, the app provides unique complete experience that has turned out to be embraced by the millennial [9].

3.1 TikTok's Spreading Tips

Once posted one of the popular products of TikTok received about 200 million views in less than 24 hours. Upon its creation, ByteDance advertised TikTok through the platforms that were in use with the target being the younger generation. The videos that are created would resonate well with people of a similar age group. As a result, the younger generation became enamored with the product after seeing it on other social media platforms. With this approach, it would mean that the older people that had no children and were less into social media would take longer to hear about the app. According to ChrisStokel-Walker, the app became a trend triggering massive downloads and used in about 2 years. The app was able to multiply its users in 2 years getting to the 1 billion mark for the monthly active users globally.

3.1.1 ByteDance marketing strategy

ByteDance was determined to sell their services to the public, so TikTok was promoted on competing platforms such as Snapchat. Furthermore, other platforms like WeChat, are used later for marketing through the videos that are shared with the app watermark on each video. At the end of the videos there TikTok's logo is used to reinstate the origin/creation platform of the just-completed video. When people see it, they get enticed to download the app and watch similar videos or create their own.

Additionally, the watermark comes along with the users' identity username enhancing the authenticity of the

content and also popularizing good content as individuals that get to see interesting creations are likely to follow the account on the water for more interesting content [10]. As the people see and hear about the app, they tend to develop the need to download and be part of the development thus spreading the app far and wide to new users. Through this approach, the number of the video shared increases and the number of active users remains higher. In turn, the revenue of the company goes higher. With success appearing in the Chinese Market within the first year of its initiation, the app decided to globalize and purchased the rival app Musical.ly which came along with the millions of subscribers.

3.1.2 The trigger

Merely 2 years from its first initiation, COVID-19 struck and people have to change their normal socializing approaches. Social media is seen as the most appropriate for communication. Governments all over the world aim to curb the spread by imposing measures to ensure that the people remain indoors. The move helps in the creation of more idling time as work, classes, and meetings are done online. People are left with more time for their daily activities and thus they what a place to release their ideas or/and entertain themselves. TikTok turned out to serve millions on a global scale.

As such, the app can allow people to access and enjoy the video with convenience during lunch time, and right before bed. Furthermore, the chance the people get to not only allow them to view but also to like, comment and share. According to Cheung, about 93.0% of the users are likely to like the content, 84.5% comment and about 90% share the videos. As a result, the app enabled people to stay busy, creative, and popular in the midst of a pandemic that was about to plunge the world into social oblivion.

As the popular videos are shared with every user, it allows the people to connect thus leading to creation of groups for the people with similar interest. For instance, the people that are interested in fashion, when a video on trending designs is shared, they are more likely to form part of the cluster thus promoting sharing of video increasing the popularity of the app.

3.1.3 Neighborhood effect

Technically, the aspect of self-marketing and the neighborhood effect has contributed a lot to the spreading of the app. As the current users create or encounter a video that is to their liking, they share it on other social media. As stated earlier, the watermark indicating the app of creation and the creator gets the attention of the non-user, the natural curiosity to trying the new app sets in. Furthermore, the app development team worked on the design of the app not only for friendly and easy manipulation by the users by also to keep them glued to

the app for several hours. Given that the users create the video, mostly, the videos are equipped with trending events and comedy that is straight to the point. Providing a wider range of aspects that can be created and posted. According to ChrisStokel-Walker as an individual enjoys the features and interacts with the app, they tend to share their knowledge with other people around them. Furthermore, the app has come up with a wide range of influencers and celebrities that have gained global popularity. An individual or a brand with a million followers on Facebook, or other platform indicates that they have an account on TikTok, quite a number of their followers are likely to download the app, follow, create, buy gifts and share videos from the app with ease as explained by Munger.

Generally, the feature of the app that makes it so popular is the ability for people to freely create and share their original creations and dances with high convenience. The app is easy to use and is designed to merge the current needs of the people. ByteDance's marketing strategy and the onset of COVID-19 acted as a perfect scheme to help the app spread globally. By hearing and seeing from other people, more downloads have been made thus increasing the usage of the app daily. These spreading tips, among others, have helped TikTok to become widespread and popular globally.

3.2 Causes for TikTok's popularity

First, the features of the company have been developed to allow people of all ages to access and use the app. According to Munger, despite having a higher number of users, 63% are aged below 30 years, there over 19% of the app are aged 40 years and above. One of the reasons for the popularity of the app is that the short-form video allows for a quick pace and communication chance as elaborated by Kamalipour and Friedrichsen. This aspect has attracted companies and businesses to use the app for marketing and advertisement according to the global PR manager of Kuaishou Technology [11]. Secondly, the app has been well-designed with a sophisticated algorithm that easily learns the user preferences regularly. The feature helps the app to suggest the videos that are likely to satisfy the user. According to Munger, once the individuals find out that the interaction with the app is easy and efficient, they individual tends to use the application more often. Additionally, some people have responded they have liked the app due to its aesthetics, easy-to-use user interface, and the availability of the editing tools that present the chance to reshape their videos and creation into the things that they are pleased with.

4. DISCUSSION

Advertising is the leading revenue generator for TikTok [12]. The app gained a total of 4 billion USD

from advertising in 2021 and targets to triple the income to about \$12 billion by the end of 2022 [13]. Tiktok uses In-app Purchases as another source of income. So far, the company has made a total of 75 million USD through this approach. Furthermore, the e-commerce offering helps in revenue creation. A report was released that the company has begun working with businesses from UK and other countries, these companies can sell products directly to the subscribers globally thus no report on revenue collected yet. The company's annual in-app spending was reported to be about 2.6 Billion USD in 2021 leaving the app with a total of about 1.4 Billion USD. Thus, if the company's target is met and the advertisement generates the expected \$12 billion, and if spending remains constant, the company will make a profit of about \$10 billion USD in 2022.

5. CONCLUSION

Having the right information about the software bring about a clear indication as to why the app has gained much popularity over a short period. Founded in 2016, the app has utilized the features from other applications to gain several subscribers. The purchase of its rival, Musical.ly opened the app beyond the Chinese borders. Despite the success, the app faces stiff home competition from older software that had dominated the short-form video market for half a decade. However, TikTok found a break through by applying the best features from the other social network to provide a widely accepted product. The app has made over a billion dollars in profit and expects to make another ten billion dollars by 2022. Precise and perfect development of the app allowed it to spread faster and be embraced by many of its users which are over 600 million in its home ground in China.

The focus of the paper is the strategies that propelled the prosperity of TikTok internally. Taking a universal approach to assessing most, if not all, the aspects that impact a digital platform in the current world like government incentives. Future research can assess the aspects that have influenced TikTok's external stability more than most Chinese-based brands.

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