

TikTok Commercialization Strategy Problems and Countermeasures

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Abstract: TikTok is one of the most popular short video apps around the world. TikTok is so successful because its business strategy works. Therefore, it is valuable to analyze and study the business model of TikTok. The topic of this study is to analyze TikTok's business model. The purpose of this study is to explore the existing problems and countermeasures in the commercialization strategy of TikTok. The background is the development of a new social media app called TikTok. The significance of this study is to provide reference for the formulation of TikTok's commercialization strategy. The research method was literature analysis. The results show that the main problems in TikTok's commercialization strategy are uneven product quality, innovation and delivery to be improved, and harmful content in TikTok. The countermeasure is to strengthen the quality audit, enrich the content and function of the quality audit, and establish the positive image of the quality audit. To sum up, the development of TikTok's commercialization strategy should focus on enriching and reviewing content so as to establish a positive image.

Keywords: TikTok, commercialization strategy, countermeasures, short video

1. Introduction

Nowadays, Chinese TikTok short video is one of the software that has a well development in recent years. According to the research data of Trustdata, 88% of short video users use short video to socialize. As of June 2018, the daily number of users has exceeded 150 million, and the monthly number of active users has exceeded 300 million. TikTok lead the short video industry and the number of users growing continuously [1].

TikTok APP was a music short video software during its founding. The main creation method is that the creator first recorded a unique video, such as dancing, posing, and then added popular background music in the video. To this day, such creation is still the most popular short video creation method. At that time, there were a large number of fans on the internet, such as the Daigula K a dancing celebrity. When there is not too much capital to join TikTok in the early days, the quality of works of creators was extremely high. Most online celebrities created only because they liked to create good creations and share life, instead of earning money. This term was also be an old era that many TikTok users extremely missed.

In 2019, live broadcast gradually appeared and got popular on TikTok, and many creators made an advertisement of 9 yuan and 9 packets of mail in the live broadcast room, which means only 9 yuan for shopping. Later, there gradually emerged a way of selling goods live, that is, online celebrities evaluated various products in the live broadcast room and then sold them in the live broadcast room, such as clothing, food, electrical appliances, and beauty. One of the top TikTokers is Li Jiaqi Austin, a male online celebrity who focuses on cosmetics sales, and Crazy Xiao Yang Ge, who sells almost all types of products. The unique and funny way of live streaming has earned him over 100 million fans.

On July 30, 2020, the Beijing Internet Court issued a judgment, finding that TikTok App infringed on users' personal information [2]. On September 14, the National Cyberspace Office released news that there were a lot of bad information and behaviors in TikTok APP, such as inducing minors to participate in the help list, consuming large amounts of money, and inciting young fans to tear and abuse each other [3]. In September, the Beijing Municipal Market Supervision Bureau convened the heads of six Internet enterprises, including TikTok, to hold an administrative interview on the e-commerce platform for the implementation of the "Yangtze River arrest ban" [4]. There are still a lot of problem in the commercial development of TikTok. They should constantly strengthen its control to the online stores and the creators. This essay would analysis the commercial strategy and problem of TikTok and adopt by method literature analysis.

2. The Key Information of Chinese TikTok APP

The parent company, ByteDance Technology Company, have an annual revenue of about 58 billion dollars in 2021. TikTok is a music creative short video social software. This software was launched on September 20th, 2016, and is a short video community platform for all ages. Users can choose songs and shoot music works to form their own works through this software. At November 27, 2022, the number of TikTok users is 842 million, and TikTok users can earn advertising fees and gift fees based on their own content, and can also do commerce live broadcast with goods [5].

TikTok's live broadcast sales have also fallen into negative public opinions recently. Most of the online celebrities who sell products in the live broadcast room, they are just cooperate with TikTok online stores, similar to online stores on Taobao or JD, instead of these stores are belong to them. After evaluating products in the live broadcast room, most viewers will choose to buy products from online stores due to their trust in online celebrities. However, whether online stores can guarantee the quality of each sold product is a big issue. A more serious problem is that some online stores will cheat the online celebrities who cooperate with them, by falsely promoting their products to online celebrities then online celebrities will bring goods for them, which means that the products actually purchased by buyers are totally not the products they promote to the online celebrities at all.

Another serious problem is that too much vulgar content creation, pornography, swearing, violence, and so on. Although many software has such problems, as a software with such a large number of users and such a wide range audience, TikTok should strengthen content audit and behavior of creators to prevent the spread of online bad information as much as possible.

3. TikTok Commercialization Strategy

3.1. Advertising Realization

The more the number of fans of online celebrity, the higher the advertising fee. With the same number of fans, the more accurate the fan positioning related fields, the higher the income, for example, an online celebrity who sale cosmetics, the more their fans of focusing on cosmetics, the more money they could earn. TikTok can also use the popularity of online celebrities to attract advertisers to earn a lot of advertising fees like product endorsements of snacks, clothes, cosmetics and other products

in almost all fields. The advertising insertion of TikTok is also very smart, TikTok will raise users' interest by pushing relevant advertisements according to users' daily interest, and minimize the push of advertisements, that users would probably only browse 1 advertisement video in 30 minutes.

3.2. Live Broadcast Revenue

The gift of TikTok in the live broadcast room is a big income. Generally, the main purpose of the online celebrity who has a large number of fans live broadcast is to attract more fans - the online celebrity live broadcast with a small number of fans is just to receive gifts. And sale product in the live to earn money can achieve the maximum revenue in the form of live broadcast, and at the same time bring huge traffic to TikTok Mall.

3.3. Offline Strategy of TikTok

Online celebrity directly collects advertising fees from offline stores for making a promotion video about experience of this shop, like restaurants, milk tea shops, amusement parks. While making money, online celebrity can also bring great popularity to local stores, which helps businesses achieve rapid economic development, and finally achieves a win-win situation. TikTok can also gain a lot of popularity from this series videos, and get positive comments.

3.4. Knowledge Payment

Online celebrities in the TikTok also make a lot of courses videos, like language, singing, programming, Microsoft software even game learning tutorial. The online celebrities in the knowledge area can use their own short videos and live broadcast fans to earn a lot of credibility and popularity for the published various courses and tutorials, attract more people to buy, in the final bring popularity to TikTok.

3.5. The Most Unique Aspect of the Commercialization Strategy

TikTok is an amazing APP which is different from traditional live video software in China like Tencent, iQIYI, DOUYU, Huya, most of them are only focus on the entertainment field, but TikTok short videos involve almost all fields like public welfare, sports, learning, beauty, culture, animation, shooting videos, forms like movies, short and long videos, live broadcasts, small games, courses, shopping. The other one strategy of TikTok is also really fantastic that TikTok use the excellent content created by those low-cost and non-contract online celebrities to attract a large number of traffic and collect advertising fees and various product fees. Moreover, TikTok even use the creator's desire of becoming famous to sell traffic which called "DOU- plus" to those creators. "DOU-plus" is a product which help users to gain traffic to become famous. TikTok also use traffic and popularity of those creators to earn advertising fees and collect sponsorship fees, extract the benefits of those online celebrity. In addition, many forms of positive publicity for public welfare and politics will also be supported by a large number of political forces and policies.

3.6. Timely Introduce Real-time Popularity and Hot Spots to TikTok

TikTok will timely introduce popular works, actors, music, competitions and other projects, such as the 2022 Qatar World Cup, which has just ended recently. During the World Cup, TikTok bought the right to broadcast the World Cup in real time, and added a variety of derivative content lottery, surrounding, etc. Those introductions could bring huge traffic to TikTok, the second creation made by online celebrities could also gain a lot of traffic.

4. Analyze the Problems in the Commercial Development of TikTok

4.1. Problems with the Quality of TikTok's Products

The low user threshold of TikTok has caused many problems. TikTok live streaming only requires real-name authentication, and there are not too many quality requirements for distribution manufacturers. There is no need to write a special script or professional editing. Everyone can shoot at will. In this way, there is no guarantee that the products purchased by consumers must be guaranteed by quality and quantity. Because the quality of the video deteriorates, the reputation and number of users will continue to decline [6].

4.2. Innovation and Delivery Issues

On TikTok, which specialises in socialising and sharing life, live streaming is the second choice after all, which is not compared with specialised live streaming websites, in which the short timeliness is the outstanding shortcoming of live streaming. There may be malicious competition between peers; peers click or learn the short-frequency production of merchants, which is also extremely unfavourable to the background data analysis of merchants. Generally speaking, there are many enterprises and merchants advertising on TikTok, which is enough to prove that TikTok has a large foundation of traffic. According to the goals that advertising needs to be achieved, the delivery method chosen is also different. More information about TikTok short video advertisers often pay more attention to improving the entry scale of live broadcast room traffic through the operation of paid traffic, short video drainage and recommended traffic, but they often ignore the loss of users, so that the traffic introduced is lost in vain. Therefore, reducing the loss of users is the key to improving the stay of users in the live broadcast room. And it can encourage more users to stay, which is the basis for promoting users to carry out follow-up interaction and conversion [7].

4.3. Harmful Content in TikTok

With the sharp increase in TikTok traffic and exposure, criminals took advantage of the opportunity to seek benefits, using TikTok videos as a medium to carry out false propaganda and misleading viewers. The development of smartphones and mobile networks makes it more convenient for people to obtain information. Many teenagers enjoy watching TikTok and are even addicted to it. With the increase of addiction, people's attention is swallowed up little by little, and even leads to the gradual loss of the ability to think logically and be deceived by something false. Many people think that there are many negative videos on TikTok. The difference between the rich and the poor is too big, and they think that live broadcasts are using vision to deceive sales. It should add more effective safety measures. In addition, TikTok should also strengthen safety education for users, particularly minors. It should fully publicize safety education, guide them to use Douyin rationally, and let users know how to correctly use short videos and distinguish online fraud [8].

5. Suggestions

5.1. Strengthening of Quality Audit

TikTok's review of commodity quality should be more and more rigorous. In addition to the strict inspection and punishment of goods such as three-no products and unqualified logos, it also evaluates and tests the sensory quality of goods. Product inspection that does not meet the standards needs to be punished. If there is a bad comment, it should be dealt with in a timely manner; try to let customer service personnel communicate and replace the bad comment with a good one. If the order quantity is large, more customer service staff should be arranged to be responsible for the customer service

quality of the store, including timely processing of replies, reasonable processing of user feedback, and effective communication. The faster the logistics efficiency, the better, so as to protect the service experience. On Zhihu Bilibili, many people will evaluate the products recommended by TikTok in large numbers and counterfeit TikTok's inferior products. Recommend official products as much as possible and increase the identity authentication of bloggers [9].

5.2. Rich Content and Functions

TikTok needs to integrate many functions of live broadcast, which can add video viewing function and enrich the live broadcast interface, so that users can get the content they want anytime and anywhere, and better cater to users' different tastes. Different customer groups are aimed at different enterprises, and the marketing channels are also different. TikTok has a large number of young audiences, and TikTok should pay more attention to the thoughts of many young people. In terms of short videos, TikTok uses big data to analyse the user's hobbies according to the user's preferences and habits, according to the user's likes, replay rate, completion rate, comment rate and sharing rate, and pushes the user's key video to reduce the user's invalid video duration. Avoid too many pan-entertainment short videos, de-homologise, continue to absorb and explore high-quality content, and seek the fineness and depth of the content. Encourage originality to meet the different needs of users such as access to information, socialisation, learning, and self-satisfaction, so as to enhance user stickiness and expand user base. Continuously expanding the proportion of original content producers is conducive to the continuous production of high-quality videos, so that more users can browse more original content without aesthetic fatigue and loss of users. This requires a reward mechanism to stimulate users to participate in original work, because in terms of user creation, with the continuous development of new fields, innovation will become more and more difficult, and the reward mechanism helps to stimulate the enthusiasm of users to create [10].

5.3. Create a Positive Image

TikTok really needs to control the quality of the video to avoid vulgar videos exceeding the bottom line and promises to establish a healthy content ecosystem. Supervision is the guarantee of the orderly operation of the platform. Guidance is the basic supervision of the long-term development of the platform. It should give full play to the initiative of the majority of users. The company must withdraw from the regulations and build an ecological platform to balance the diversity of content and rules. In addition, the company's image also needs to be reshaped, because there is a lot of negative news about short video addiction, especially for young people. In this regard, TikTok has launched the reporting function, youth mode and other tools to help TikTok control the quality of videos. Company should improve the professional quality of the anchor and enrich the live broadcast content. The product requires the anchors to have professional quality and rich knowledge. Company cannot know a little about the products they sell. When Company promote the same similar products, they need richer and more eye-catching content to impress users [11].

6. Conclusion

Nowadays, Tiktok and his parent company ByteDance Technology Company have already become one of the most successful applications and companies in global world. Tiktok's main way of making money is to constantly create popular events to gain opportunities to cooperate with sponsors. Tiktok's online popularity mainly earns money by selling goods or live broadcasting and charging advertising fees. In addition, Tiktok is a diversified application not like other apps, involving many fields that people can learn, entertain, shop and make money on it. Moreover, Tiktok's business strategies always

based on the users would have a good experience to use Tiktok, they can both earn money and make people would not annoyed by their commercial advertisement.

In addition, there are some problems with Douyin, such as the quality, innovation and delivery of Douyin products, as well as harmful content in Douyin. In this regard, there are a number of proposals. For example, Douyin should strengthen quality audits, add richer content and features, and build a positive image. Today, the short video industry is developing rapidly, and Douyin has become the world's leading domestic mobile app. It is an important online platform for people to entertain and exchange information. Therefore, Douyin must improve production performance and user experience, increase product differentiation and competition to ensure sustainable development, and must deal with problems in development in a timely manner in order to gain a larger market and profit in the future. Only by actively solving the existing problems can Douyin achieve better development, spread more meaningful information to the society and bring more positive energy to the society. It can only succeed in the long run if it keeps improving. This study provides feasible suggestions for the optimization of TikTok's commercialization strategy. This study is helpful for companies in the short video industry to better understand the successful experience of TikTok. The limitation of this study is that there is no in-depth analysis of the relationship between each business model of TikTok, which can be further analyzed in future research.

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