The Effect of Impaired Brand Image: A Case Study in Analyzing the Influence of the Block Policy of the US on the Brand Image of Tik Tok

Boheng Ni¹, †, Rui Fu², * , †, Yuchen Wu³, †

¹Fudan University, Shanghai, 200433, China
²University College, Durham University, Durham, DH1 3RW, UK
³School of Management University College London, London, WC1E 6BT, UK

*Corresponding author: guanghua.ren@gecademy.cn
†These authors contributed equally.

Abstract. In recent decades, short video platforms demonstrate their effect and efficiency of delivering information interactively in the new media era, and Tik Tok is one of the most influencing short video platforms. This research is intended to utilize the case study of Tik Tok's block from the US in 2020, analyzing the positive and negative factors contributing to an impaired brand image. Certain pieces of literature have been issued to discuss the effect of the market on an impaired brand image. However, from the perspective of political background, a case study of Tik Tok remains under-discovered. It will review the literature of brand strategy, brand image, and brand loyalty as a theoretical foundation in this research. On the other hand, a SWOT analysis will be carried out to further interpret the effect of the impaired brand image using the case study of Tik Tok's block policy in the US. This research will conclude that Tik Tok's development, indeed, will be restrained in the US. However, in the other countries or districts, its negative effect would have its limitations. The contribution, including brand strategy and brand loyalty of Tik Tok, should not be neglected, and it is its own competitive advantage in the current market. This research will illustrate that as the political block has its limit in affecting the brand strategy, it remains a core competitive advantage.

Keywords: Brand Image; Brand Strategy; Brand Loyalty; Tik Tok, US Block Policy.

1. Introduction

With the new era of internet interactive platforms and the development of video technology, the interactive video sharing platform has become a new trend in social media applications. And Tik Tok, being one of the most downloaded apps of the 2010s, is a typical example. Tik Tok is a platform where users can create and share videos, presented as a social networking app. Tik Tok seized the opportunity of creating a media interaction platform in China, officially launching its application in Sept 2019. According to Xu, Yan and Zhang, by 2021, Tik Tok will have its app distributed among over 150 countries translated into 75 languages [1]. However, it has merely 600 million active users in China and over a billion globally.

To be more precise, Tik Tok is an interactive social video platform applicable to mobile devices and governed under Bytedance Inc. It is a trendy application consisting of the function of photo and video sharing, commenting, live commerce and city-wide social connect. It was launched in 2016 by Bytedance, an emerging Chinese company, positioning itself into the younger generation with user-generated content (UGC); it is forming a virtuous circle where the users provide content and receive feedback from the users. On Tik Tok, the videos are restrained within 15 seconds to 1.5 minutes with catchy background music. After 5 years of development, Tik Tok has an active user base of over 1 billion by 2021, and is the most downloaded app and has a worth of $250 billion. It is evident that Tik Tok has gained wide popularity around the world.

However, the development of Tik Tok has not always been smooth. There did exist obstacles and resistance. In 2019, Tik Tok was regarded as "a cyber threat" by Lt Col Robin Ochoa, the spokeswoman of the US Army. And it was banned on work mobile phones by the US Army for security reasons. The personnel of the Army were also suggested not to use Tik Tok on the phones.
owned by the government [2]. That was just the beginning. In 2020, Tik Tok witnessed the block policy in the United States and faced acquisition issues requiring ByteDance to sell or divest its TikTok business in the US within 90 days from 14th August [3]. This policy will affect its cash flow in the US and restrain its development across countries and the capability to expand its business scale in North America. It would cause huge damage to TikTok, whether in finance or brand image and will continue to influence its company scale in the future. This policy from the US broke the monopoly status of TikTok's existence, forcing the US interactive social platform to develop into a multi-polarity trend; it could meanwhile affect TikTok's brand image to a certain extent.

There is plenty of previous research on TikTok analyzing its development, popularity, users' behaviour, and marketing of TikTok, etc. In 2020, Omar and Dequan researched how the usage of TikTok is affected by users' motivation to use and their personality traits. They discovered that TikTok is more of a tool used for recording videos rather than an app for socializing. The small contribution of social interaction motivation in explaining consumption and participation behavior in this study. Therefore, during the participation phase, user behaviour is critical to maintaining TikTok loyalty among its users and continued success in the rapidly evolving social network. TikTok must optimize its interactive functions to promote interaction between users and users, content creators and users, and users and media for its success and sustainable development [4]. In the same year, Su et al. researched the relationship between athletes' relationship marketing and TikTok. Overall, their observations show that although many athletes are new to TikTok, some distinguishing features distinguish it from more mature social media platforms. And these themes are fun, performative, and authentic [5].

But there is no literature analyzing the impact on TikTok's brand image of its refusal by the US government in 2020. During that year, TikTok was the most downloaded app with evolutionary innovations. And the number of internet users in the US was 297.14 million in 2020, according to Statista, which is a numerous figure, with 130 million of them being users of TikTok [6]. This paper focuses on the influence on TikTok's brand image since TikTok is such a successful video sharing platform across the globe with a giant user base and numerous active daily users, it is of value to understanding how its brand image will be influenced by a restriction of using in a country with a strong international influence and huge user base of the internet, the US.

2. Literature Review

2.1 Brand Strategy

The new media era has been a milestone where the general public has paid much attention in recent decades; a large amount of literature has been conducted to investigate the significance of brand image since information delivers at an unexceptional speed and the drawbacks of impaired brand image. Over the last decades, numerous studies on brand strategy have addressed its function, whether in the domestic field or in multinational marketing, and its effect on an impaired brand image.

In the case study of the retail industry, Chen demonstrated that brand strategy has its significance in stimulating consumption behavior, particularly in purchasing preference [7]. In 2012, on behalf of the research from Matanda and Michael, they broadened the horizon of brand strategy into a global trading. They conducted a new series of brand strategies consisting of two specific segments: regional management and global management applying various conditions to resolve internal and external challenges [8]. Clatworthy in 2012 presented a further illustration of the association between the customer experience and brand strategy from the perspective of the new service development (NSD) stage, where an interpretation is given to explain the transition from brand strategy to physical customer experience feedback [9].

Hereznjak and Justyna indicate the effectiveness of brand strategy from three main aspects: "brand implementation", "spillover effects", and "effects"; it is analysing multi-factors that might affect the brand image and contribute to the impaired brand image [10]. Toda argues that, in the case of Marks & Spencer (M&S). However, M&S has been pointed out to have a severe crisis in the late 20s, it is
still recognized as an independent brand image with successful brand strategy till present [11]; an analysis has conducted to investigate the effect of impaired brand image and approaches of remitting even prospering the brand image.

By leveraging the model of SEM, Chen's research indicates the crucial factor of brand strategy that might be of a positive element in consolidating the brand image from fragmentation [12]. While Clatworthy specifies the application of brand strategy into the NSD stage and concludes with the perspective that brand image has a linear relationship with the customer experience [13], he presented that brand consistency and project team cohesion could have a positive influence on the brand image when encountering impaired brand image. However, he also pointed out that, in the light of the NSD stage, the verdict has its limitation on the long-term effect, which implies the elements mentioned above might not be capable of guaranteeing the future orientation for impaired brand image.

On the other hand, Matanda and Michael consider the brand strategy as dynamic management from the perspective of international trading [14]. They suggest that the brand strategy should alter as the statement of brand image faces various districts and different policies across countries. Corresponding with Herezniak and Justyna's study, they identify that regional brand strategy should integrate the 3 elements stated above to elevate the brand image and fail to materialize any factor that might lead to "organizational shift" and deterioration of brand image [15]. To specify the effect of impaired brand image, Toda demonstrates the drawbacks of M&S's crisis in 1998 and the significance of "marketing tools" to establish a strong brand image [16].

2.2 Brand Image

Brand image is an important component of a company. It contains more than a logo representing a company and its products [17]. Brand image is the consumer's view towards a brand and is mostly subjective, affecting perception and consumer interpretation. The reality about a product is less dominating than consumers' perception of the reality [18]. It is multidimensional and is created by consumers' cognition, state of mind, values and attitudes [19]. Brand image is the foundation of making strategic marketing decisions upon positioning a product and targeting market segments [20].

In 1957, Newman stated that brand image is everything people associate with a brand. In 2017, Grubor and Milovanov claimed that brand is the extra value and experience gained from a combination of both the utilization of a product and the emotional characteristic the product brings to customers. It goes beyond the brand itself, is not attached to things in reality, and has a symbolic value. They also think that brand image is the fundamental resource of a company and is the most powerful asset, which is invaluable [21].

Besides, the relationship between brand strategy and customer experience is worth investigating. For example, Clatworthy, in 2012, discovered the necessity of aligning a company and its brand along with the customer experience. His main contribution to the practitioner is the description of the process support model, which enables the project team to align the customer experience with the brand strategy in a structured way. It achieves this by linking brand strategy, brand personality, service touch points and customer experience together in the process of exploration, ending with an experience prototype. These can then be fine-tuned in the rest of the design process and used as experience goals or "totems" to help downstream alignment [22].

However, Leel et al. claimed that the definition of brand image is insufficient, which impedes the efficiency of management and brand positioning. And the differences between definitions studied by different researchers can lead to confusion about measuring a brand image and the following procedure, including assessing the brand equity and the positioning of a brand [23].

2.3 Brand Loyalty

There are several dimensions of brand strategy, including brand identity, brand competence and benefit, brand behavior and attitude, brand association and brand personality; Brand loyalty is one of the strategies worth mentioning. By distinguishing and assessing these dimensions, decision-makers
can evaluate the strength of their brand image. A high level of each dimension represents a powerful brand image [24].

Tuker addressed that the definition of brand loyalty refers to brand culture and customer behavior and how customers respond to the brand itself [25]. It demonstrates the relationship between consumers and the brand. If a brand is illustrated as having strong brand loyalty, it presents the customer with a positive connection with the brand. Yi leverages a questionnaire to investigate how brand loyalty is affected by motivations, including bonuses and brand awareness [26]. Moreover, he analyzed how the perception of value affects brand loyalty and the connection between different hierarchies of brands that they are positioning. Knox furtherly analyzed brand loyalty into two perspectives: "measurement" and "management" [27]. In this empirical study of grocery brands, a measurement standard was developed in which brand promise and brand support are considered necessary and sufficient conditions for the existence of loyalty.

There is a large volume of published studies evaluating brand loyalty. In recent years, the measurement and description of brands have become increasingly important in the academy and in practice. The research and debate on the consumer-based perspective of brand value have grown even vigorously and its associations with brand loyalty. So, both quantitative and qualitative measurement for brand valuation is required. Unfortunately, a solid model has not emerged mixing both customer-oriented and financially oriented methods establishing brand loyalty yet [28].

2.4 Conclusion

Brand strategy utilises the conception of a brand's position in the current market and implements corresponding tactics to promote its influence in the market; it consists of many factors, including extension, image, implementation, and rebranding. The brand image affects the customer to build the bond with customers and form the incentives of why customers purchase the product from the brand. Brand images are used in commerce, marketing and advertising to gain recognition. More importantly, to create and store the value of brand assets for the identified objects for the benefit of brand customers, its owners and shareholders.

On the other hand, brand loyalty is interpreting a brand culture from the perspective of connections. It describes consumers' positive feelings about the brand and their dedication to repeatedly buying the brand's products and/or services, regardless of defects, competitors' behavior, or changes in the environment. Moreover, it refers to the consistency of customers continuing to purchase the connected brand instead of other competitors existing in the market.

3. Methodology

3.1 Research Design

The research aims to solve the exact influence of political sanction (especially market access limitation) on a global short video platform brand. The article selects the Chinese corporate Tik Tok as a typical example, for it is one of the most influential short-video platforms in the world, and it has kept steady growth in recent years. Taking advantage of the brand strategy theory (mainly brand image, brand loyalty) and the 'swot' analysis model, this article satisfactorily analyses the main aspects of the influences on Tik Tok caused by the political sanction. The brand strategy theory and the 'swot' model are the general analysis tools in this research yield, and there exist no ethical and moral issues. This research is meant to contribute to the future analysis of the punitive political sanction on the commercial international corporate and brand.

The article will utilize the 'swot' model to analyze the company 'byte dance' and its brand 'Douyin' (in its homeland market) or Tik Tok (in its global market), focusing on the elements related to the brand.
3.2 Introduction to Tik Tok

Tik Tok, incubated by Byte dance, is a short video social software for original music. Launched on September 20, 2016, the software is a short video community platform for all ages. The short music video community focused on young people, where users can select songs and pair them with short videos to form their own compositions. Users can make videos more creative by using techniques such as speed, video editing and special effects (repetition, flash, slow motion) rather than simply mouth-to-mouth. Tiktok platform is mainly composed of young users, and the music is mainly composed of electronic and dance music. The videos are divided into dance and creative groups, which have a strong sense of rhythm. A few users showed off their coffee latte art skills with lyrical music, which became a clear stream of Tiktok.

TikTok formally filed a lawsuit against Trump's first executive order on August 6, saying in a press release: "We do not Sue the government lightly, but we have no choice but to take action to protect our rights, as well as the rights of our community and employees". In October 2018, TikTok became the most downloaded app of the month in the US. TikTok was downloaded more than Facebook, Instagram, Snapchat and YouTube in October, according to market analysis institution Sensor Tower. In March 2020, TikTok and Apple, the other company being questioned, declined to attend a U.S. Senate hearing in Washington about TikTok’s data security.

Finally, on June 9, 2021, President Joe Biden reversed the Trump administration’s ban on TikTok.

3.3 SWOT Analysis on Tik Tok

3.3.1 Strengths

To begin with, four major parts contribute to its strengths. Firstly, Tik Tok is mature in conveying data and information to its users based on big data technology, making this process extraordinarily efficient. The short videos, along with the information contained, are precisely delivered to their target audience. This algorithm guarantees a higher user stickiness, not only the individual user but also the user hoping to advertise through this online platform. Consequently, the brand Tik Tok successfully forms a brand image that symbolizes an efficient and interesting short video platform, enhancing consumer loyalty. Secondly, Tik Tok has gradually built up a tank of short but attractive background music. Many people are used to ignoring the efforts Tik Tok pays for in the field of music. Actually, Tik Tok continuously collects music of various styles worldwide to satisfy the demands of its global consumers. The music tank has become one essential part of this app's core competitiveness and the brand image of Tik Tok [29]. This advantage is not easy for other competitors to follow rapidly. When consumers think of the brand, they naturally think of an accessible music tank. Thirdly, Tik Tok imposes diverse filters and video effects into the application. On the one hand, they are abundant enough for common users and video makers, creating a fresh experience for the user and ample creating space for the video maker. On the other hand, they are actually rebuilding users' watching habits, encouraging them to adapt to the videos with short time, standard background music and various filters. Lastly, Tik Tok provides a full set of video shooting methods, thus reducing the cost of making short videos and accelerating content production and circulation within the Tik Tok platform. These four points are the main strengths that Tik Tok owns. To summarize, due to these strengths, Tik Tok's basic brand image is clearly outlined: for users, it is smart and efficient as the application can always convey videos that meet up with specialized commands. For creators, it is convenient as it provides multiple musics, filters and creating models. For both, it builds up a significant bridge between the two groups, satisfying the communication and interaction demand of people through its subtle algorithm. The article aims to clarify that the brand's strengths are hard to be weakened by administrative force.

3.3.2 Weakness

For the weaknesses of Tik Tok, similarly, three main parts can be summarized. First and foremost, Tik Tok's recommendation mechanism exacerbated the polarization of content providers. The "big bloggers" can effortlessly get continuous and huge flow while the common photographers often
receive little attention, though the latter might have provided better videos. In the long run, this mechanism will undermine the enthusiasm of new video creators, leading to the decline of the content quality on Tik Tok and the damage to the brand image. Consumers might form an expectation that whenever he or she opens the app, the videos conveyed are mainly made by those star video makers that are of less innovation. As a result, the content tends to become homogenized, giving rise to users' aesthetic fatigue to the brand. And this fatigue ultimately will manifest as the loss of users and the decrease of brand loyalty.

Besides, the existing advertisements on Tik Tok generally are of low quality, for example, inducing excessive consumption, producing appearance anxiety, spreading money worship... The overflow of these low-quality advertisements cannot play a good communication effect and put the platform at risk of governmental regulation and even punishment, not to mention the harm to the brand itself. Furthermore, the algorithm of Tik Tok makes the video distribution relatively scattered, thus weakening the connection between fans and bloggers. These weaknesses are endogenous, meaning the enterprise can only modify them, and they are hardly influenced by extrinsic pressure except in illegal situations.

3.3.3 Opportunities

When it comes to the opportunities of Tik Tok, two crucial aspects are noteworthy. First, what needs to emphasize is that the popularization of 5G among China and other countries' improvements in communication infrastructure will improve the experience of watching short videos from the source. The tech-communication infrastructure constitutes the foundation of the rapid development of the online short video markets. In the future, the trend of the improvement of each country's network service won't halt. Hence, this promises a suitable external objective environment for Tik Tok. It is obvious that the North American markets won't stop Tik Tok's expansion at the expense of slowing down the construction of 5G [30].

Today, the influence of the key opinion leaders is considerable. A top KOL possesses huge potential for the transition from flow to consumption. Tik Tok has accumulated a large number of influential KOLs. As long as the optimized algorithm can enhance the emotional connection between fans and the KOLs, Tik Tok could enjoy a high consumer conversion rate, becoming a significant online consumption hinge. However, this opportunity is not stable under the circumstances of America's sanction. The KOLs in America are likely to refuse the cooperation invitations of Tic Tok due to the potential risk considering their personal development. Furthermore, brand loyalty is tightly connected to the star spokesmen, as many consumers' loyalty is to the people instead of to the brand itself. Hence, this opportunity is not sustainable in the background of the tension between China and the U.S.

3.3.4 Threats

Lastly, the threats of the Tik Tok brand are as follows. First, the uncertainty caused by political factors should not be neglected. With the stable rise of China, many developed countries, especially western countries, are paying more and more attention to the transnational corporations of China. The Chinese companies focusing on emerging industries and media platforms are the most probable victims of the tense relationship of China and the U.S. Tik Tok, as one of the most successful corporations in China concentrating on the new technology and media platform is the first to bear the brunt and the potential political risks. The nationalist sentiments and the governmental attacks will strongly hurt the brand image of Tik Tok and gradually create an atmosphere that refusing Tik Tok is a political right. This is detrimental to a transnational corporation, especially when it happens in a huge market of the U.S.

Secondly, The functional defect of Tik Tok: lack of communication between equal users. Convenient and frequent interactions between users are critical to the user's stickiness to an application, especially a platform application. However, Tik Tok's social functions are limited. Without long-time emotional connections, it is hard to retain users only through short videos.
However, this defect is relatively not so urgent to solve, and the development of a satisfactory interaction system needs time.

Lastly, the audit leak put the platform at the risk of internal governmental regulations. To encourage creators to contribute more content to the platform, the audit is very loose. In case a series of videos are touching the red line of the policy, Tik Tok will be facing uncertainty.

4. Results and Discussion

From the analysis of the external environment and internal operating system of Tik Tok, the results are clear. In general, the opportunities and strengths of the corporation are mainstream, and the brand image is young, interesting, efficient and diversified on the whole. On the other hand, Tik Tok needs to do a prudent job in risk control, improve the social functions, ensure content quality and keep the core competitiveness the brand loyalty as well. In that way, the company can have higher odds in the fierce global commercial competition. Though the sanction put forward by the U.S. strongly hurt the brand image of Tik Tok in the North American market, shaking the foundation of the brand loyalty towards Tik Tok, the brand image of Tik Tok in other countries is hardly influenced. And due to the continuous efforts Tik Tok had made on the construction of this platform. As a result, the application maintains considerable loyal consumers and core competitiveness that are difficult to imitate by other market competitors quickly. Consequently, Tik Tok is suffering the loss of users in the North American market. However, the political limitation isn't deadly to Tik Tok's brand, as the competitiveness of Tik Tok is gained through abundant market competition. Unless the internal strengths of Tik Tok are weakened, or its other competitors swiftly fill in the gap behind Tik Tok, Tik Tok should be revived in the long term.

From the literature review, the significance of brand image and brand loyalty is emphasized. The SWOT analysis on Tik Tok showed that under the circumstances of America's sanction, the brand loyalty of the application is not seriously influenced because of the unique characters of its interaction system. However, the brand image was hurt indeed as it was associated with the so-called national security.

![Figure 1. TikTok users in the United States from 2019 to 2024](image)

**Figure 1.** TikTok users in the US from 2019 to 2024 [31]

In the light of Figure 1, from 2019 to 2024, the users of Tik Tok in America keep growing, though the speed is decreasing. Frankly, taking advantage of the nationalist sentiment does cause damage to
the brand image in the short term. However, what is the general influence in the long run, after the vast majority of people notice that a short video platform can hardly become a threat to national security? One thing worth noticing is that the sanction does not influence the core competitiveness of the brand Tik Tok as the sanction is about market access instead of technology supply.

5. Conclusion

This paper aims to analyze the influence of Tik Tok's brand image of Tik Tok being banned in the US in 2020. The theories that back up the analysis are about brand image, brand loyalty and brand strategy. The "SWOT" analysis model is used to evaluate the effect on the brand. Combining the four aspects of "SWOT": strength, weakness, opportunity, threat, a conclusion of the analysis can be made: despite the negativity on Tik Tok's brand image in the North American market, the brand image has merely deteriorated elsewhere around the globe. Besides, it is Tik Tok's continuous devotion to developing itself that contributes to its status. Its unique market value is the source of its competitiveness inside the market. As a result, overall, a political threat will not be destroyed, despite the partial damage to its brand image. Furthermore, the brand loyalty of Tik Tok has not deteriorated. By analyzing Tik Tok, other video sharing platform companies can learn from it to minimize the damage of a negative event on its brand image and brand loyalty. Better brand strategies can also be developed to face unexpected events.

However, there are limitations to this paper. Our methodology is not valid enough to conclude. More theoretical proof needs to be shown as evidence for the result. Future study is required for a more authentic chain of reasoning.

References


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