

The Analysis of Short Videos and Livestreaming Shopping, In the Case of Tiktok

Yuwei Li*

School of Business, University of California Irvine, Irvine, United States

*Corresponding author: Yuweil7@uci.edu

Abstract. Livestreaming shopping and short videos seem completely different features for most people; however, ByteDance perfectly combined these two features into one software named TikTok or Douyin. TikTok benefitted from the Covid-19 pandemic and rapid develop in 154 countries. The paper uses a SWOT analysis to analyze the business strategy of BytaDance in China and all over the world. The authors created a SWOT analysis combines weaknesses, opportunities, strengths, and threats associated with the application of livestreaming shopping and short videos. TikTok already obtained substantive revenue for BytaDance, and livestreaming will become one of the important shopping methods in the future.

Keywords: Covid-19, SWOT analysis, Livestreaming, short videos.

1. Introduction

The Covid-19 pandemic is the biggest crisis human has faced and severely impact people's mental health and life quality, economic growth, employment, national and world governance. According to World Health Organization (WHO), the world has over 500 million confirmed cases, including 6 million deaths until August 2022 [1]. During the pandemic, most people were required to stay at home. Thus, the pandemic provides a perfect opportunity for TikTok and the livestreaming industry.

Livestream shopping is the result of the innovative exploration of social media in the business and profit model. The increasing number of companies and platforms, including Amazon, YouTube, Facebook, and TikTok, start to apply livestream shopping on their platforms. For example, Amazon launched a feature named Amazon Live which is a livestream platform in 2019. People can access the Amazon Live through Amazon.com, or Amazon.com application. According to Amazon.com, the company also hires influencers to propagandize their commodities [2].

Livestream shopping has been developed since 2016 in China [3] and has become the primary channel of distribution. In China, almost all e-commerce platforms and social media have livestream shopping feature. For instance, TikTok, which is one of the most downloaded apps worldwide, boosts Chinese livestream shopping. Users who have a TikTok account can sell goods with a little effort. They can also click into other streamers' live rooms, chat with them, and buy their merchandise through a clickable orange basket. According to [4], During the first half of 2022, the number of livestreams on e-commerce platforms surpassed 60 million, the number of viewers surpassed 517 billion, and the number of products surpassed 47.5 million. Chinese online retail sales reached 6.3 trillion yuan by 2022. Among them, online retail sales of physical goods totaled 5.45 trillion yuan, a 5.6% increase over the same period of last year, accounting for 25.9% of total retail sales of consumer goods, a 2.2% increase over the same period last year [5]. On the contrary, livestream shopping is a relatively new industry, and the sales are always mediocre in the United States. According to eMarketer, livestream shopping will generate \$480 billion of revenue in China this year, but only \$11 billion in the United States [6]. In 2016, Amazon launched "Style Code Live," which streams every weekday evening; however, the platform was shut down after only 15 months. Moreover, TikTok abandoned livestream shopping feature in the United States and Europe. Therefore, the status of live streaming is very different in China and the United States.

Therefore, this paper takes TikTok as the case study object and studies the social phenomenon of live streaming shopping and short videos by using SWOT analysis method

2. Method and Data

2.1 Method

SWOT analysis is deemed suitable for the study. A strengths, weaknesses, opportunities, and threats (SWOT) analysis is a crucial method for businesses to analyze their position in the market and is commonly utilized to examine the internal and external environment of enterprises during uncertain times [7]. SWOT analysis is a useful tool for analyzing a company's strengths and weaknesses as well as the opportunities and dangers presented by the current market environment. For the purposes of the SWOT analysis, internal factors are strengths and weakness, and exterior factors are opportunities and threats. [8]. As the current study aim to analyze the strategic planning of TikTok and Douyin which have livestreaming feature. Strengths access the internal advantages which the company have during and after pandemic. The analysis combines strengths and weaknesses with opportunities and dangers. Researcher dedicated the reasons why Douyin and TikTok has different results on live streaming feature when they had the same parent company, "ByteDance".

2.2 Data

In September 2016, ByteDance launched Douyin in China. Then the company launched TikTok in the international market in September 2017. On November 9, 2017, ByteDance acquired musical.ly, a social media video platform that allowed users to create short funny and lip-syncing videos. TikTok merged with musical.ly after the purchasing [9].

3. Results and discussion

3.1 Strength

(1) A unique AI algorithm

TikTok and Douyin both use a powerful AI-based algorithm system. TikTok free consumers from the constraints of the vast video selection and precisely deliver videos and livestream channels which they would prefer. TikTok analyzes each video's content and assigns tags to users using an AI-based algorithm system. The system then assigns numerous tags to the content and individuals to accurately match relevant content to users. By assessing the content of each video and keeping tabs on user preferences, TikTok's AI-based system calculates users' personalized information distributions, resulting in an unending and highly engaging video stream. By analyzing user personas, hashtags, and feedback data like views, engagement (likes, comments, and shares), and audience breakdown, TikTok allocates traffic in real time (e.g., market segmentation, ages, genders, devices). TikTok puts its idea into effect by providing everyone with tailored, uplifting material by continually suggesting related, shareable, replicable, and expandable content. Furthermore, it has the potential to facilitate cooperation between the regulating and censorship systems of various nations in order to establish a safe and secure online space (e.g., prohibit alcoholic, violent, and pornographic content). In addition, content tailored to a certain market can excite the curiosity of users in that market, encouraging them to join in on the latest local news and exciting topics shared by others in their area [10].

(2) Large user base

As a relatively new social media, TikTok has become the 6th most popular social media in the world. The top downloaded application in the first quarter of 2022 is Tik Tok. To July 2022, it was downloaded more than 3 billion times and had more than 1.39 billion monthly active users. TikTok's 154 countries of active users making it one of the most popular social media networks [11].

(3) User friendly

TikTok gives users an easier way to create their own short videos, which provides a variety of tools like video template, filter, soundtrack which can directly use for lip-synching. TikTok also offers social networking feature which can chat, share videos, and follow each other.

3.2 Weakness

(1) Lack of Regulatory Mechanism

As a short video platform with almost no threshold, there are some drawbacks in the regulatory mechanism. For instance, a little girl unguarded recorded her mother was taking a bath and posted the video on TikTok. The video was posted at 22:06 on June 19, and after being reported by a user, then the platform removed it 1 hour and 40 minutes later. Only 216 people had watched the video, but it has brought to light problems with TikTok's mechanism system. Nowadays, in such a fast-developing society, the appearance of such undesirable videos on public media is likely to cause a series of chain reactions. However, since the entry threshold of "TikTok" is relatively low, and users post short videos every moment, which poses a huge challenge to the regulation department.

(2) Culture Difference

As a Chinese company, TikTok has a lot of culture differences with western countries. In 2022, TikTok announced that they will abandon livestreaming shopping in U.K. and U.S. TikTok and the United Kingdom had cultural conflicts. Employees concerns about an "aggressive business culture that goes counter to traditional British working standards [12]." Overtime work is very common in China, and employees need to work over 12 hours per day, especially in the IT industry [13]. However, the average weekly work hours for full-time employees in the United Kingdom are 36.6 hours in 2022 [14]. The overtime work is also the reason why British employees can't accept TikTok's culture.

(3) Low market acceptance

Livestreaming shopping is a relatively new industry in the United States. According to 2021 Reopening Insights Report, only 25% of shoppers used livestreaming shopping. 60% of shoppers who had tried livestream shopping reported that it enhanced their buying experience, while 47% preferred it over visiting a store [15].

3.3 Opportunities

(1) Meet the psychological demand of users

In recent years, music socialization has changed from single music sharing and textual comment to bullet chat and live streaming. Audiences expect more diversified forms of music socialization. There are currently 934 million short video consumers in China, of which approximately 50% are "post-90s" and 76.3% are interested in music. The combination of short video and music social networking can help musicians propagandize music and interact with audiences; on the other hand, it can help improve user loyalty and meet users' needs for interpersonal relationships. Users use short music videos and livestreaming as communication tools, recording and sharing their life with music. Moreover, the platform satisfies the psychological needs of users' daily social interaction in music through comments, likes and other interactive forms. In today's stressful work life, people's psychological demand for mental transformation has increased. Users typically abandon their usual "guest self" and express and vent their "selves" through exaggerated expressions and gestures when recording short videos. Users may experience momentary psychological bliss because of being distracted from their everyday stresses. After users upload their videos, high quality content has an equal chance to reach the audience and receive a lot of attention. After users upload their videos, high-quality content has a similar probability of reaching the audience and gaining a lot of attention. On the one hand, this ensures a steady stream of high-quality content creation. The algorithm's

decentralization presents a present and satisfied social networking environment for users and inspire users to create more creative and unique expressions to meet the user's psychological need for respect. [16].

(2) Government supports the industry

In recent years, the short video industry has grown wildly, and the number of users has continued to grow. However, users would post unhealthy and homogeneous content due to lack of regulation. Regarding to this phenomenon, Chinese government has strengthened the supervision on the short video industry, and issued regulatory documents which covered content management, governance of platform, practitioners, algorithms, account management, advertising, taxation, verbal usage, anti-food waste, etc. [17] TikTok established basic standards for UGC (user generated content) and PGC (Professional Generated Content). In terms of political attitude, the company disallows "content that violates laws and regulations and damages national and social security", "content that is detrimental to others", "negative content" and "content that may lead to violations", "content that repeats similarities", and "content that does not fit the format of short videos. In the scope of content, the company oppose "content that may lead to violations", and "repetitive and similar content"[18]. Douyin has thorough understanding of Chinese policies, so it can achieve great success in China.

(3) Covid-19 boosts the industry

In 2019, severe pandemic spread out the world but provides a huge opportunity for TikTok. In 2019, 4.1 billion people (54% of the global population) were connected to the Internet. Since then, the number of users has climbed by 782 million and is projected to reach 4.9 billion by 2021, or 63% of the global population [19]. In 2018, the download rate of TikTok only has 200 million. However, TikTok cumulative downloads rate increased 84.25% since 2019 to 2021 [20], which provides a perfect chance for TikTok.

3.4 Threats

(1) Uncertain relations between countries:

The relevant policies change greatly and do not seem to be potential good for now, due to the political and economic relations between countries. In August 2020, U.S. President Donald Trump has issued two executive orders prohibiting US transactions with the Chinese businesses that run TikTok and WeChat, citing that the country must take "strong action" in defense national security. [21] Even though in June 2021 President Biden revoked an attempt by the Trump administration to ban the Chinese-owned apps TikTok and WeChat on Wednesday, replacing it with an executive order that ordering a wide examination of apps held by foreign foes to evaluate whether they constitute a threat to U.S. national security, [22] India and Afghanistan have banned TikTok permanently. Thus, Livestreaming faces huge challenge in overseas market.

(2) Competition in the same industry:

In today's rapid development, when a software obtains good response from the market, many same types of software will swarm in to share the 'cake'. TikTok is in a phase of fierce competition, and many companies launched same type of software, such as Clash, Triller, Dubsmash, Instagram. **This software is** weakening the user base of TikTok. Therefore, it is crucial for TikTok to maintain innovation. In the process of upgrading development, any little mistake or backward may lead to being overtaken by competitors.

4. Conclusion

The SWOT analysis show that TikTok and Douyin both have a favorable position on the international and Chinese market. As a result, opportunities over threats and strengths over weakness.

In addition, short video is the most popular entertainment now. During the pandemic, downloads of TikTok spiked, and people are willing to view and film short videos at home. However, compare to the short video, livestreaming is in an early stage of development worldwide except China. People have relatively low acceptance of live streaming, and the survey showed only 25% of participants have shopped on live streaming. Thus, the live streaming shopping have a huge room for development. Douyin is leading the short video and live streaming shopping industries, which can be a case that platform study from.

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