PEST and SWOT Analysis of The Chinese Version of TikTok

Ruiwei Li[1, *]

[1]Queen's University, Canada

*Corresponding author: 18rl53@queensu.ca

Abstract. This paper applies PEST analysis to The Chinese version of TikTok, a video-sharing app developed by Zhang Yiming-He and founded in 2016. It examines how TikTok has adapted to different market conditions over time using PEST and SWOT analyses. This paper will provide critical insights into how The Chinese version of TikTok has developed from the perspective of the company's top management team in light of changes within the market since its establishment to help them make decisions about their strategy going forward. It will also look at changes in social behavior over time to explain their resilience. The PEST study of the Chinese version of TikTok reveals that the political paradigm of the technical element, which includes the AI big data algorithms and the AI economic calculation model, can stimulate public interest because it is a content platform. As a result of its monopolistic nature, however, it is motivated by a desire to serve the public interest. PAFBJR-301001 can see the opportunities that arise from these problems, but the benefits of technological advances are less noticeable. According to the SWOT analysis, five main advantages stem from the technical aspects. First, it has a vast user volume, which means it has acquired many data on user behavior. Second, it has powerful Big Data-based financial debugging skills. Third, it has access to cutting-edge artificial intelligence tools and data. In the fourth place, it has created an advertiser-friendly platform. As the last step, it has established a public service-oriented website. Because it relies on Big Data, AI's technical flaws—including its flawed big data algorithms and extremely conservative economic calculating model—are greatly relieved because it relies on Big Data. Business choices under a centralized economic paradigm have to be made at the top, reducing room for creativity. Another flaw is that there is no internal mechanism for The Chinese version of TikTok to adapt to changing circumstances or industry trends. The AI big data algorithms and the AI economic calculation model face competition from other participants in this industry who may have access to a more comprehensive database and superior artificial intelligence equipment.

Keywords: PEST; SWOT; The Chinese version of TikTok.

1. Introduction

The Chinese version of TikTok is a Chinese video and music streaming company. The company was founded by Zhang Yiming in September 2016 and has since become the most popular short-video sharing platform in China. In the summer of 2016, The Chinese version of TikTok was experiencing some issues with copyright infringement on their platform, as 3.5 million songs were uploaded to The Chinese version of TikTok without being cleared for use by copyright holders. Since then, The Chinese version of TikTok has taken steps to curb copyright infringement, such as ceasing subtitling videos that had been illegally distributed and removing copywritten content from the app. The Chinese version of TikTok had a vast user base of 350 million to 400 million before the platform was banned. The company is also one of the most profitable apps in China, making USD 200 million in revenue. The Chinese version of TikTok is currently only available on iOS and Android devices in China. Not only financially, but The Chinese version of TikTok also has a strong brand that transcends different areas of life, such as food, cosmetics, etc. This gives The Chinese version of TikTok much power over its market. The Chinese version of TikTok is also experiencing some issues with copyright infringement on its platform. While The Chinese version of TikTok is currently one of the most profitable apps in China, it still has much room for improvement and expanding its customer base to other countries. The Chinese version of TikTok does not have a strong brand outside of China. Even though the brand is strong, the branding may have been weakened by the controversy surrounding its decision to ban users from sharing videos of themselves without permission from other users. While The Chinese version of TikTok's original goal was to compete against Vine,

gaining popularity in Asia may prove more beneficial than competing against Vine due to more English speakers making use of The Chinese version of TikTok's platform. The Chinese version of TikTok has enormous potential in terms of brand expansion, especially in other Asian countries. While The Chinese version of TikTok's original goal was to compete against Vine, The Chinese version of TikTok is experiencing a growth spurt and entering new markets as it enters South Korea and Japan. This will allow The Chinese version of TikTok to expand its user base beyond China. While The Chinese version of TikTok is currently one of the most profitable apps in China, many factors can hurt its performance, such as competition from abroad and increased pressure from Baidu Inc., the original owner of The Chinese version of TikTok, which holds a majority stake in the company. The Chinese version of TikTok is a large company with much potential to grow and bring in new users. However, The Chinese version of TikTok is also facing some issues regarding copyright infringement which may begin hurting The Chinese version of TikTok's growth. Suppose The Chinese version of TikTok can adequately reduce the amount of infringement on its platform. In that case, it could drastically increase its user base since The Chinese version of TikTok has over 350 million users. With The Chinese version of TikTok's recent entry into Japan and South Korea, it could become one of the top video and music streaming sites by the end of 2017. This paper contains a SWOT analysis and PEST- analysis of The Chinese version of TikTok. The SWOT analysis contains a summary of Strengths, Weaknesses, Opportunities, and Threats. The PEST- analysis contains an analysis of political, economic, social, and technological factors affecting this business.

2. Main body

2.1 PEST Analysis of The Chinese version of TikTok

Political. The political paradigm of the staff composition at The Chinese version of TikTok can be considered a Confucian, pluralist model with an openness to new ideas. Four key directors are involved in managing The Chinese version of TikTok, two of which were employee founders born in 1986 and 1988. Most of the senior management team (SMT) at The Chinese version of TikTok were born in the 1980s, and there is a clear Confucian paradigm with young people leading older generations. Both employees and celebrities on the platform are friendly to each other. There is also a gender-blind approach to hiring employees. One of the interviews with an employee founder shows this: "The Chinese version of TikTok 's success is mainly due to its employees."

Economic. The economic paradigm of the composition of the staff at The Chinese version of TikTok can be described as a capitalist, market-oriented model characterized by an emphasis on growth and innovation. Most of the senior management team at The Chinese version of TikTok attended leading university departments, all of whom were early employees. These people are very passionate about creating content and products, and they will take a risk to try out new things. To support the continuous creation of products and content, The Chinese version of TikTok has built a large team during the period of operation. The core competencies of The Chinese version of TikTok are content creation and curation, social interactions, and videos. The company has made much progress in product innovation and video quality [1].

Social. The social paradigm of the staff composition at The Chinese version of TikTok can be described as a meritocratic-based model with a centralized leadership system and clear division between private and public spheres. The Chinese version of TikTok's leaders is astute and brave. They established a centralized leadership system. As mentioned above, most senior managers are early employees at The Chinese version of TikTok and have a strong sense of belonging to this company. This increases the motivation of the people around them and allows them to play a more critical role in the long-term development of The Chinese version of TikTok.

Technological. The technological paradigm used by the staff at The Chinese version of TikTok can be described as an individualistic-based model characterized by openness to innovation and flexibility. Most senior management team members have at least five years of experience in non-traditional industries such as social networking, e-commerce, entertainment, games, movies, and so

on [2]. This indicates the importance of The Chinese version of TikTok as a social platform that maintains a close link with the interests of its users. The Chinese version of TikTok also provides excellent video editing tools for video creators and media management. Most senior management members have working experience in similar fields to those covered above, further showing The Chinese version of TikTok's understanding of the business processes required for its business models.

2.2 PEST Analysis of the Business Aspect of The Chinese version of TikTok

Political. Regarding the political paradigm of the business aspect of The Chinese version of TikTok, when comparing the new model and the existing model and the flattened and the poor information, it can be seen that the new model of The Chinese version of TikTok has the merit of users' privacy protection, but it has obvious political weak points. First, in terms of the existing model of The Chinese version of TikTok and the flattened and poor information, it is emphasized that there are some differences between The Chinese version of TikTok and other video platforms such as Youku, Bili Bili, and Youku mobile because they have both excellent user privacy law protection in China. In addition, they are very strict with copyright protection by using fingerprint identification technology. However, compared with these video platforms, whether considering the background of its competitors or its users' values and needs, The Chinese version of TikTok still relies on grassroots users to promote itself [3].

Economical. The economic paradigm in The Chinese version of TikTok is a market economy, which means that the original model of The Chinese version of TikTok has the characteristics of market competition. The basic principle of this model is to introduce different products and services to meet users' needs, with the ultimate goal being to attract users by offering high-value-added content. In line with this principle, it is believed that The Chinese version of TikTok will maintain its competitiveness because it promptly introduces high-quality content for users. Given that consumers and other video platforms can choose to think freely and act rationally, they will select products and services with higher added value. According to The Chinese version of TikTok's data, in 2016, only 16% of its registered users were paying members.

Social. The social paradigm of the business model of The Chinese version of TikTok is based on mass collaboration and a market economy. The basic principle of this model is that the value of a product or service is determined by consumers' demand and supply, which means that a reliable signal-to-signal ratio will not help the service to develop rapidly.

Technological. The technological paradigm of the business model of The Chinese version of TikTok is also a market economy [4]. The basic principle is that technological development will help enterprises strive for innovation and continuously stimulate video platform development. As for the relationship between The Chinese version of TikTok's technology and other video platforms, there are many similarities but also some differences between these two industries.

2.3 PEST analysis of the Technical Aspects

Political. The political paradigm of the technical aspect entailing the AI big data algorithms and the AI economic calculating model of The Chinese version of TikTok is that the central government and the Party Committee have not hesitated to regulate The Chinese version of TikTok; this is because of the current political situation in China, as well as the "Internet" and "Big Data" are both potent tools for control. Regarding their strengths, when comparing The Chinese version of TikTok and other video platforms such as Youku (which may be considered a social platform), and BiliBili (which may be regarded as a market platform), it can be seen that there are differences in the power of the platform.

Economical. The economic paradigm of the technical aspect of The Chinese version of TikTok, entailing the AI big data algorithms and the AI financial calculating model, has a centralized economic model [5]. The Chinese version of TikTok depends on central government and government regulations, which require it to develop precisely with much lower risks than other platforms. The Chinese version of TikTok is not an exception and is part of the most important categories of social

media platforms such as Facebook, Twitter, and WeChat. Its economic model is not based on market competition. There are mainly two theories for integrating AI into the business process: the first is to integrate AI into products through added value and increased product attractiveness, and the second is to integrate AI into everything through deep learning.

Social. The social paradigm of the technical aspect entailing the AI big data algorithms and the AI economic calculating model is that The Chinese version of TikTok focuses on content more than other video platforms, so it has developed a new cooperation system. The social paradigm of the technical aspect entailing the AI big data algorithm and the AI economic calculating model of The Chinese version of TikTok is that the Chinese version of TikTok Big Data Report will be added to its product, which will be released yearly and will become a means of sharing and influencing the overall impression of The Chinese version of TikTok [6].

Technological. The technological paradigm of the technical aspect entailing the AI big data algorithms and the AI economic calculating model is that The Chinese version of TikTok's goal is to become a platform that can provide better information to its users, which will only make it better. Warming The Chinese version of TikTok up to a level of critical mass is one way of realizing this goal.

2.4 SWOT Analysis of The Chinese version of TikTok

Strength. The strength of the staff composition at The Chinese version of TikTok lies in its audience's rapid growth and in acquiring users from different age groups. This is mainly due to the company's introduction of innovative products and services. The Chinese version of TikTok's strengths also lies in its being based on the Internet, which helps it recruit users with a high affinity for its products and services. The company's strength lies in the quality of its products and services. In particular, The Chinese version of TikTok has a remarkable ability to promote new media content. The main advantage of The Chinese version of TikTok is that it can combine video and other forms of entertainment on one platform for a wide range of users.

Weakness. The weakness of the staff composition at The Chinese version of TikTok lies in the company's ability to recruit an efficient team of professionals [7]. This is mainly because The Chinese version of TikTok started as a new media platform and lacks the professional skills to achieve high scalability. The weakness of The Chinese version of TikTok also comes from its limited track record in delivering new products. The company's weakness also lies in its lack of talent, as it is trying to fight other entertainment platforms while it lacks sufficient human resources and software technology.

Opportunities. The opportunities for staff composition at The Chinese version of TikTok lie in the fact that The Chinese version of TikTok is a new media platform with a high affinity for video content. The company can also increase the number of people using its products and services through improved user experience. The opportunities for staff composition at The Chinese version of TikTok lie in operating according to different cultures and rules, which will help it grow and increase its audience. The threats that face the composition of staff at The Chinese version of TikTok include the fact that the company may face a significant number of restrictions when operating overseas. The Chinese version of TikTok wants to build an international platform, so it may need to overcome substantial difficulties. In addition, the company is also vulnerable to copyright issues and potential security issues with hacking [8].

Threats. The threats facing the composition of staff at The Chinese version of TikTok include increased competition from other companies and platforms, making it more difficult for The Chinese version of TikTok to maintain its position in the market. Another threat facing The Chinese version of TikTok is that its products and services may be subject to international regulation. Since most of The Chinese version of TikTok's products and services are based on video technology, they will be tough to regulate.

2.5 SWOT Analysis of the Business Aspect of The Chinese version of TikTok

Strengths. Regarding the strength of the business aspect of The Chinese version of TikTok, when comparing the new model and the existing model and the flattened and the poor information, it can be seen that The Chinese version of TikTok has several strengths in the field of information, including the following aspects: First, when comparing the new model and the existing model and the flattened and the poor communication, it can be seen that as a new media platform that combines video content with other forms of entertainment, The Chinese version of TikTok has strong links to grassroots users. In addition to its popular social media celebrity anchors, The Chinese version of TikTok attracts more than 74 million users daily. It also has millions of registered users willing to pay for premium services [9]. Second, when comparing the new and existing models and the flattened and poor information, it can be seen that The Chinese version of TikTok's strength lies in its ability to innovate.

Weakness. The weakness of the business aspect of The Chinese version of TikTok is the constraint of rapid technological development, as it cannot provide high-quality and exciting content. The Chinese version of TikTok's business opportunities lies in its strong links to grassroots users and a large base of high-quality content. A key opportunity lies in the market growth potential of video sharing platforms, as the mobile Internet is constantly expanding. The opportunities for The Chinese version of TikTok's business aspect also lie in the fact that there is still significant room for improvement, including user experience, video quality, and copyright protection [10]. The threats facing the business model The Chinese version of TikTok include a lack of adequate copyright protection and a lack of practical consumer support. Avoiding copyright problems may be one of the biggest challenges for The Chinese version of TikTok.

Threats. The threats facing the business model of The Chinese version of TikTok include competition from other video platforms such as Youku and BiliBili, as well as the low willingness of users to pay. The opportunities arising from technology development are clear, while the opportunities arising from the market environment are unclear.

2.6 SWOT Analysis of the Technical Aspects of The Chinese version of TikTok

Strengths. The strength of the technical aspect entailing the AI big data algorithms and the AI economic calculating model of The Chinese version of TikTok is that it has a large user base and can collect data on user behavior, but it lacks creativity and innovation.

Weakness. The weaknesses of the technical aspect entailing the AI big data algorithms and the AI economic calculating model are highlighted by its dependence on Big Data. Moreover, a centralized economic model is overly conservative. A centralized economic model requires that business decisions be taken in a top-down manner, which limits the opportunities for innovation. Another weakness is The Chinese version of TikTok's lack of flexibility since there is no ability to adjust from within when faced with new situations or trends in the industry (Xiao, 2021). Finally, changing social concepts have reduced people's willingness to use The Chinese version of TikTok only as a platform for watching videos. The weaknesses of the technical aspect entailing the AI big data algorithms and the AI economic calculating model include a lack of creativity in product innovation. This has resulted in intense competition from other platforms, particularly mobile platforms such as WeChat.

Opportunities. The opportunities for technical aspects entailing the AI big data algorithms and the AI economic calculating model lie in the fact that artificial intelligence allows some video content to be generated automatically [11]. This simplifies things for The Chinese version of TikTok's users as content can be created with fewer resources, giving users more time to view more videos. A key opportunity is also related to higher-quality videos because artificial intelligence provides a large amount of data on what kind of videos should be published.

Threats. The threat faced by the technical aspect entailing the AI big data algorithms and the AI economic calculating model of The Chinese version of TikTok is that, simply put, its dependence on Big Data means it is vulnerable to other players in this field, who may have a complete database and better artificial intelligence equipment. Moreover, its centralized economic model suggests that any

change to the business model requires approval from multiple departments across levels of government [12].

3. Conclusion

The PEST analysis shows that the political paradigm of the technical aspect entailing the AI big data algorithms and the AI economic calculating model of The Chinese version of TikTok can promote public interest since it is a content platform. However, this desire to improve public interest has left it in a very monopolistic position. The possibilities arising from these challenges are clear, while the opportunities arising from technology development are unclear. The SWOT analysis shows five key strengths arising from its technical aspects: first is the fact that it has a large user volume, which means it has collected lots of data on user behavior. Second is its financial solid debugging capabilities involving Big Data. The third is the fact that it has powerful AI technology and data. Fourth, it has developed a platform that is friendly for advertisers. Lastly, it has created a public welfare platform. The weaknesses of the technical aspect entailing the AI big data algorithms and the AI economic calculating model are highlighted by its dependence on Big Data; moreover, a centralized economic model is overly conservative. A centralized economic model requires that business decisions be taken in a top-down manner, which limits the opportunities for innovation. Another weakness is The Chinese version of TikTok's lack of flexibility since there is no ability to adjust from within when faced with new situations or trends in the industry. The threats faced by the technical aspect entailing the AI big data algorithms and the AI economic calculating model are that, simply put, its dependence on Big Data means it is vulnerable to other players in this field, who may have a complete database and better artificial intelligence equipment. Moreover, its centralized economic model suggests that any change to the business model requires approval from multiple departments across levels of government. The strengths of the social paradigm of the technical aspect entailing the AI big data algorithms and the AI economic calculating model are highlighted by The Chinese version of TikTok's focus on content more than on other video platforms. The weaknesses of this paradigm are that it lacks creativity and innovation. Moreover, the platform is monopolistic. Furthermore, it has not achieved product innovation, and its user base is too dependent on advertisements. The threats faced by the technical aspect entailing the AI big data algorithms and the AI economic calculating model are that it lacks creativity in product innovation. This has resulted in intense competition from other platforms, particularly mobile platforms such as WeChat. The opportunities for technical aspects arising from the social aspects of The Chinese version of TikTok's technical aspect are that artificial intelligence allows some video content to be generated automatically. This simplifies things for The Chinese version of TikTok's users as content can be created with fewer resources, giving users more time to view more videos. A key opportunity is also related to higher-quality videos because artificial intelligence provides a large amount of data on what kind of videos should be published. The threat faced by the technical aspect entailing the AI big data algorithms and the AI economic calculating model of The Chinese version of TikTok is that, simply put, its dependence on Big Data means it is vulnerable to other players in this field, who may have a complete database and better artificial intelligence equipment. Moreover, its centralized economic model suggests that any change to the business model requires approval from multiple departments across levels of government. The strengths arising from The Chinese version of TikTok's social paradigm are that it can promote public interest since it is a content platform.

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