

## TikTok Business Analysis and Media Marketing Strategy: SWOT and PESTLE Approach

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### ABSTRACT

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TikTok, or known as Douyin in China, is a social media platform that provides short videos and has gained widespread popularity throughout the world, especially among the younger generation. The impact needs to be discussed further by explaining the SWOT and PESTLE analysis to analyze TikTok's internal and external weaknesses and strengths. By combining SWOT and PESTLE analysis, a project or organization can have a better understanding of the situation and environmental conditions in which they operate, so they can develop strategies that are more effective and successful in achieving their goals. This research method is descriptive qualitative by observing and analyzing secondary data. PESTEL analysis provides insight into how external factors, such as shifts in government policies related to social media and evolving cultural trends, may affect TikTok's operations and expansion across different markets.

### INTRODUCTION

Social media has significantly transformed the communication strategies employed by companies and brands in their interactions with customers. Organizations must align their social media practices with their overarching business strategies to maximize effectiveness (Mangold & Faulds, 2009). Social media marketing is pursued as a strategic measure to secure a competitive edge, encompassing digital platforms such as YouTube, Instagram, and Facebook. Scholars characterize social media as a tool facilitating bidirectional communication with consumers (Appel, Grewal, Hadi, and Stephen, 2020). Beyond mere communication, social media marketing encompasses a range of activities, including entertainment, interaction, word-of-mouth promotion, and personalization (Kim & Ko, 2012).

TikTok, known as Douyin in China, is a social media platform specializing in short-form video

content. Launched in 2016 by the Chinese technology firm ByteDance, TikTok has garnered substantial global popularity, particularly among younger demographics. The platform has fundamentally altered the dynamics of social media interaction. Its swift expansion across numerous countries has underscored its success in engaging a broad and diverse audience, contributing to its continued rapid growth.

TikTok has emerged as a prominent marketing tool due to its provision of distinctive and engaging effects, and its effective targeting capabilities that reach appropriate user segments (Balkhi, 2019). Despite the presence of content creators on other social media platforms, TikTok achieved the status of the most downloaded application in Indonesia in 2020. Users of TikTok average approximately 13.8 hours per month on the platform (Hootsuite & We Are Social, 2021), with a predominant user base consisting of Millennials and Generation Z. Omnicore data (Omnicoreagency,

2021) indicates that 50% of global TikTok users are under the age of 34, with 26% aged between 18 and 24. Additionally, 90% of TikTok users engage with the app multiple times daily.

TikTok has also forged partnerships with celebrities, influencers, and prominent brands, enhancing its appeal and visibility across various societal segments. Nevertheless, the platform faces notable challenges, particularly concerning user data privacy and security, with significant scrutiny from countries such as the United States. To address these issues, this analysis will employ SWOT and PESTEL frameworks to assess TikTok's internal and external strengths and weaknesses.

A SWOT model that incorporates sustainability as a key element and emphasizes values and impact in strategic formulation is essential not only for companies to adapt and operate sustainably but also as a valuable tool for fostering open innovation (Adem, Çolak, & Dağdeviren, 2018; Akhavan, Barak, Maghsoudlou, & Antuchevičienė, 2015; Arshad, Noordin, & Othman, 2017; Arshadi-Khamseh, & Fazayeli, 2013; Bayram & Üçüncü, 2016; Brooks, Heffner, & Henderson, 2014; Dyson, 2004). Proper application of SWOT analysis remains a significant framework that aids in bridging the pedagogical debate between theory and practice in strategy formulation (Ebrahim, Ghebrehiwot, Abdalgfar, & Juni, 2017; Evans, & Wright, 2009; Oreski, 2012; Panagiotou, 2003; Lohrke, Mazzei, & Frownfelter-Lohrke, 2022; Pereira, Pinto, da Costa, Dias, & Gonçalves, 2021). Furthermore, to identify potential strategic opportunities and threats to TikTok's competitiveness, strategic analysis methods such as the PESTEL framework will be utilized (Faller & Almeida, 2014; Gottschamer & Zhang, 2016; Leviakangas, 2016; Song, Sun, Jin, 2017)

## **METHOD**

According to Sugiyono (2022), this study is characterized as descriptive qualitative research, as it elucidates the application of PESTEL and SWOT analyses for strategy formulation within ByteDance (TikTok). The focus of this research is on analyzing both the internal environment (strengths and weaknesses) and the external environment (opportunities and threats) of ByteDance (TikTok) using these analytical frameworks.

SWOT analysis is employed to identify and assess internal factors (strengths and weaknesses) and

external factors (opportunities and threats) pertinent to ByteDance (TikTok). This methodology facilitates a comprehensive understanding of the company's current position and future potential.

The McKinsey 7S framework is utilized to evaluate internal factors that contribute to organizational success. This framework examines seven elements: Strategy, Structure, Systems, Shared Values, Skills, Staff, and Style. The outcomes from the McKinsey 7S analysis are synthesized into an Internal Factor Analysis Summary (IFAS), which aims to elucidate how these internal factors interact and align with the strategic objectives of the business incubator.

PESTEL analysis is applied to identify external factors that may impact the strategies of the business incubator. This analysis considers political, economic, social, technological, ecological, and legal factors, and the findings are compiled into an External Factor Analysis Summary (EFAS). The purpose of EFAS is to map and identify trends and changes that could present opportunities to be leveraged or threats to be mitigated.

The data for this research is derived from secondary sources, specifically documentation, which provides supporting evidence for the study's findings. The data analysis involves strategic evaluation through PESTEL and SWOT analyses.

## **RESULT**

### *Analysis SWOT of Tiktok*

#### *1. Strength*

TikTok has emerged as a leading social media platform, primarily due to its user-friendly interface that facilitates ease of use for a broad audience. The platform enables users to effortlessly create and engage with content, while offering complimentary access to content creation tools and editing features, including filters for videos and photos. This provision of free services constitutes a significant strength of TikTok, as it enhances user engagement, garners valuable community feedback, and establishes a foundation for potential future revenue.

The platform's extensive user base, exceeding 1 billion users across more than 150 countries, underscores its considerable impact and global reach. TikTok facilitates cultural exchange and content sharing among diverse populations. Moreover, collaborations with influencers across various domains have bolstered TikTok's brand image and contributed to its capacity to attract and retain users.

These strategic partnerships have positioned TikTok as a prominent entity in the social media landscape.

## **2. Weakness**

TikTok encounters several issues that compromise user experience and undermine stakeholder trust. The platform has faced criticism for perceived time wastage, leading some organizations to impose bans on its use. This reflects growing societal concerns regarding the management of time within the digital sphere. Furthermore, the platform's content moderation practices have been scrutinized for their ineffectiveness. As TikTok's popularity increases, it has been beset by challenges such as inconsistent content moderation, which permits the proliferation of inappropriate or harmful material. Issues such as online harassment, misinformation, and dangerous challenges have intensified concerns about user safety and platform accountability. Additionally, TikTok's sluggish response to user inquiries detracts from the overall user experience, particularly when users seek to communicate or engage with the platform.

## **3. Opportunity**

TikTok and its video editing functionalities have significantly influenced the technological proficiency of its users. The platform has enabled the younger generation to access and utilize professional-grade editing tools, which represents a notable positive impact. Additionally, some users have successfully monetized their activities on TikTok, generating income and establishing a livelihood through the platform.

Furthermore, TikTok serves as a networking hub for content creators, facilitating connections among them. Regularly sharing video content enhances the likelihood of being recognized by peers, potentially leading to collaborative projects. High-quality videos can attract attention from other creators, fostering a robust professional network and increasing the potential for monetization.

In the realm of promotion and marketing, TikTok proves to be an exceptionally effective medium for brand introduction, development, and product or service promotion. Prominent TikTok users, who often become influencers, collaborate with companies to reach broader audiences. This symbiotic relationship benefits all stakeholders: the platform experiences increased viewership, companies gain promotional and marketing advantages, and influencers earn income through these collaborations.

## **4. Threat**

As a Chinese brand, TikTok operates within a global context where China's international reputation is challenged by concerns related to censorship, authoritarian governance, and restricted freedom of expression. Consequently, there is widespread skepticism among users regarding the reliability and confidentiality of platforms originating from China.

In light of growing awareness about data privacy, TikTok is compelled to implement robust data protection measures and adhere to stringent privacy regulations. Several countries have enacted regulations aimed at restricting or monitoring TikTok's operations, which may impact its functionality and expansion in certain regions.

Additionally, TikTok has been identified as potentially addictive according to a study by Wallaroomedia, which reports that the average user spends approximately 52 minutes daily on the platform. Users aged 4 to 15 spend an average of 80 minutes per day, logging into the platform about 8 times daily. These statistics suggest that TikTok exhibits qualities akin to addictive behavior. The platform also faces criticism concerning sensitive content and child safety, issues that could adversely affect its brand image and result in a decrease in user engagement.

## ***PESTLE Analysis (Political, Economic, Social, Technological, Legal, Environmental) Tiktok Company***

### ***1. Political***

#### ***a) Government Regulations***

TikTok operates across a diverse range of international markets, where concerns about national security, censorship, and data privacy are increasingly prominent. Several countries in Asia and Europe have imposed temporary bans on TikTok, citing its potential to propagate anti-government narratives and other security risks.

#### ***b) Nationalism Policy***

Countries such as the United States, India, Pakistan, China, and Bangladesh have expressed explicit concerns regarding TikTok's potential foreign influence on their domestic affairs. Political entities in these nations often adopt nationalist policies to bolster local businesses, cultural values, and traditions, viewing TikTok's external origins as a potential threat to national interests.

### *c) Political Intervention*

TikTok's widespread popularity among younger demographics facilitates rapid dissemination of information, often without rigorous verification. This characteristic positions the platform as a double-edged sword, capable of serving as both a tool for spreading misinformation and a mechanism for political propaganda. Its role in election campaigns, therefore, can disrupt political processes by propagating falsehoods and influencing public opinion in potentially destabilizing ways.

## **2. Economic**

### *a). Advertising Revenue*

TikTok offers a variety of advertising formats, including sponsored ads, brand takeovers, and in-feed ads. The platform's advertising revenue is projected to reach \$17.2 billion in 2024, reflecting a 30.7% increase from the previous year. Despite TikTok's status as the most utilized social network by consumers, the projected growth rate represents a notable deceleration compared to the previous year. In 2022, TikTok's advertising revenue amounted to \$9.9 billion, marking a substantial annual increase of 155%, more than 2.5 times the revenue of the preceding year. Recent figures indicate a downward revision from earlier forecasts, which had anticipated an advertising revenue of \$23.6 billion for 2024. This adjustment follows concerns over a potential TikTok ban in the United States and similar regulatory actions in other countries.

### *b). Influencer Marketing*

The trend of influencer marketing has seen significant expansion in recent years. TikTok has fostered the emergence of numerous social media influencers who offer paid promotional services to various businesses and companies. For content creators on TikTok, sponsored content and paid promotions constitute primary revenue streams.

### *c). Monetization*

TikTok provides monetization opportunities to verified users who meet specific criteria and conditions. The platform compensates these users based on their engagement metrics, such as usage, likes, and contributions. This monetization model enables content creators to generate income through sponsored content and collaborative partnerships.

## **3. Social**

### *a) Z Generation Culture*

A significant portion of TikTok's user base comprises individuals from Generation Z. This demographic's extensive engagement with the platform has contributed to its widespread popularity. Generation Z users frequently upload a diverse range of content, including videos categorized under humor, authenticity, education, entertainment, dance, action, and other genres.

### *b) Creative Expression*

TikTok serves as a platform that fosters and encourages users to engage in authentic and creative self-expression. This emphasis on creativity facilitates the generation of innovative content that attracts significant attention from the broader TikTok community.

### *c) Globalization*

TikTok operates as a global platform that unites artists and content creators from various regions around the world. This globalization promotes creative self-expression and allows users to share their innovative content across a diverse international audience. Many individuals utilize TikTok not only for entertainment purposes but also as a professional venue for content creation.

## **4. Technological**

### *a) Advanced Algorithms*

TikTok employs a highly advanced algorithm that meticulously analyzes users' viewing patterns, clicks, likes, browsing history, and the duration spent on specific types of videos. This algorithm rapidly assesses user preferences and interests, subsequently presenting content that aligns with these preferences. Users are not required to take any action; instead, TikTok autonomously curates and delivers content that matches users' established tastes.

### *b) Video Editing Tools*

Historically, video editing was a domain reserved for skilled professionals. However, TikTok provides users with intuitive tools that facilitate professional-quality video editing. Users do not need formal training; they can easily incorporate background music, effects, slow motion, and lip-sync features to enhance the appeal of their videos.

### *c) Integration*

TikTok enables users to integrate their profiles and accounts with other social media platforms,

streamlining the content-sharing process. This integration eliminates the need for users to post content individually across different platforms. Instead, users can publish content on TikTok, which will then be automatically disseminated to the connected social media accounts.

## 5. Legal

### a) Data Privacy Issues

The consumer market is increasingly concerned with data privacy matters. TikTok's database contains significant and sensitive information regarding users' interests, habits, and behaviors. There are apprehensions that such data could potentially be exploited for illicit activities. Relevant data privacy regulations include the California Consumer Privacy Act and the General Data Protection Regulation, which aim to safeguard user information.

### b) Copyright Infringement

TikTok permits users to share music, videos, and audio content without substantial concern for copyright or intellectual property violations. This practice often results in the original content creators not receiving proper attribution, while individuals who replicate or distribute the content may accrue significant financial gains.

### c) Child Protection

The platform has faced substantial criticism from experts for potentially exposing children to inappropriate and violent content. In response to such concerns, the U.S. government has enacted the Children's Online Privacy Protection Act to enhance safeguards for minors using online platforms.

## CONCLUSION

TikTok, as one of the foremost video-sharing platforms globally, has experienced substantial growth and significantly influenced user engagement worldwide. The application of SWOT and PESTEL analyses is crucial for evaluating TikTok's market position and its impact within the social media landscape. TikTok's primary strength is its extensive market penetration, particularly among younger demographics, and its capacity to shape trends and popular culture.

However, TikTok also faces notable weaknesses, particularly concerning privacy and user data security. The platform is at risk of attracting adverse attention

from regulators or the public due to concerns about inappropriate content, presenting a significant challenge. PESTEL analysis provides insight into how external factors, such as shifts in government policies related to social media and evolving cultural trends, may affect TikTok's operations and expansion across different markets.

To address these challenges, TikTok must prioritize user data privacy and security by implementing robust encryption measures and maintaining a transparent privacy policy. Additionally, the platform should enhance its management of inappropriate content through improved monitoring systems and more effective content recognition algorithms. TikTok also needs to be agile in responding to changes in governmental regulations regarding social media, employing a team capable of adapting its operational and growth strategies accordingly.

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