

## **SUMMARY OF TIKTOK: TAKING OVER THE WORLD**

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### **SUMMARY**

TikTok is a global social media platform that has become the most popular destination for short-form mobile videos as it is used by 30.25% of the world's 5.07 billion internet users. Their mission is to inspire creativity and bring joy.

TikTok's success began in 2016 when Chinese company ByteDance launched an app called A.me that allowed users to create and share short videos. Three months later the app was renamed Douyin. In 2017, ByteDance began expanding Douyin outside China, as the TikTok we know today. Later in 2017, ByteDance bought Musical.ly, and merged it into the TikTok app.

TikTok's main selling point is that it features built-in recording and editing capabilities that make it easy for content creators to quickly record, edit, and post video content on the platform—and have them go viral when done right.

Like most social media platforms, TikTok makes money from advertising and in-app spending. In the first quarter of 2023, TikTok registered a revenue of \$2.475 billion, and there are over 5 million businesses and countless small businesses engaging on the platform. TikTok's revenue in 2022 was \$9.401 billion, a 100% increase from 2021.

Several class action lawsuits have been filed since November 2022 against TikTok that raise questions about the company unlawfully capturing personal data from users. One of the arguments used by entities filing lawsuits is that TikTok violates the Federal Wiretap Act.

While the industry has significant high growth and good profit margins it is influenced by per capital disposable income, number of mobile devices connected to the internet, online businesses, and total advertising revenue. Future issues may include the health of the global economy, possible technological innovations, and competition from other social media platforms.

The teaching note asks the question, if TikTok will be able to continue growing its brand, meeting customer needs, and challenging competition while ensuring they overcome security concerns by the US government to avoid a ban. The case could be used by several classes including marketing, social media, digital marketing, branding, capstone marketing and strategic management. It asks the students to:

- Analyze the macro environment.
- Perform a Porter's Five forces analysis of the competition.

- Evaluate the historical marketing strategy and plan.
- Evaluate the current marketing strategy and plan.
- Make recommendations to senior management to prepare for possible future bans.

**References available upon request**