TikTok Shop: Unveiling the Evolution from Social Media to Social Commerce and its Computational Impact on Digital Marketing

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ABSTRACT

Social media application platforms such as TikTok have become social commerce platforms. TikTok provides the TikTok Shop feature, which is designed for business actors to make sales and users to make transactions on the TikTok application. This study used the method of studying literature from published journals available on open-source sites. It aims to present the potential of TikTok Shop as a digital marketing medium in the future. Therefore, the discussion of this literature review is only focused on the TikTok Shop feature as social commerce. TikTok Shop promoted efforts to provide improvements for MSMEs during the pandemic through an SEO marketing strategy and influencers providing interesting content according to the interests of the audience. TikTok also provides Live TikTok for business people, which is in the form of streaming video that can interact with users as potential buyers. Our research found that TikTok Shop can be one of the platforms with great potential for promoting products, supported by several TikTok Shop features for transactions.

1. Introduction

TikTok, previously known as Musical.ly, is a Chinese social media platform founded in September 2016. The TikTok app has a feature that allows users to view, create, and comment on a short-duration video, or "LipSync-Videos". It is available for a variety of smartphone users (Android and Apple), allowing each user to create a short video of a wide variety of pop songs. These short durations can be shared among users, downloaded for a specific purpose, commented on, and "liked." [1].

TikTok has become one of the most popular apps in the world based on the data from Sensor Tower [2]. By 2019, the TikToc app had been downloaded more than 738 million times and exceeded the total of 1.9 billion downloads in the Play Store and Apple Store [3]. It has been introduced to 155 countries and regions with 75 world languages and more than 800 million monthly active users [4]. Initially, TikTok was known only as a social media application that posted short videos with music backgrounds on the platform [5]. Due to people's increasing interest in the TikTok app, the app added an online shopping feature called TikTek Shop to grow into a social commerce platform. This feature can be used when users or creators register a TikTok account that they own as a business account to promote and sell products through TikTok.

According to Tarigan and Sanjaya [6], digital marketing is a marketing activity that involves introducing a product using web-based platforms such as websites, e-mails, and adwords, as well as social media. According to other definitions, digital marketing is a process of introducing the value of a product so that it can attract the attention of customers using digital media. Using TikTok Shop
features can make it easier for business operators to conduct marketing activities with the aim of increasing sales.

According to Hasim and Sherlina, micro, small, and medium-sized entrepreneurs with plus-size costumes were promoting TikTok on social media during the COVID-19 pandemic to boost sales. Promotions and endorsements in the TikTok app were effective in increasing sales of plus-size clothes during the COVID-19 pandemic. This is supported by research [8] that indicates that the TikTok Shop application container makes it easier for buyers to buy what they want. Research has shown that social media marketing and influencer endorsement by sellers using TikTok Shop as their media have a positive impact on customer purchasing interests. According to [9], the strengths and opportunities of TikTok ensure that this e-commerce site has a good user base and provides a high level of consumer satisfaction and loyalty to the user. His weaknesses and threats suggest that the difficulties he will face include a variety of competitors and interface designs.

According to Azizah et al.'s research [10], they want to prove the impact of the TikTok application on customer interest in buying beauty products in Indonesia. Based on his research, it was found that using the TikTok app had a positive impact on attracting customer attention. The managerial issue to focus on is choosing an effective step in using the TikTok application as a marketing container. The research [11] used the TN official Store research object to look at any factors that made TikTok an online promotion platform and resulted in increased sales profits. Research uses descriptive methods by taking both primary and secondary data. In collecting the necessary data, researchers conduct observations and interviews with interested parties. Research [11] indicates TikTok can take a good approach to promoting sales to customers as existing features can meet promotion needs.

Elyawati research [12], using the research object of the Scarlett Whitening online store to look at the influence of three variables: viral marketing, social media marketing, and marketing using TikTok artists to influence customers to buy Scarlett whitening products. The purpose of this literature review is to present views on the potential of TikTok Shop as a digital marketing medium for some time ahead to the reader.

2. Method
In this study, we use the method of literature study. Literature study is the method used to find the best way to solve problems by reading, searching, and browsing the sources of written articles that have been officially published to serve as a reference in submitting the latest opinions [13]. Available resources include academic books, reputable journals, theses, and dissertations. These references can be found on the Internet on an open-source site that provides resources from a wide range of scientific fields [14].

![Figure 1. Research Stage](image)

At this stage of this method, we conduct a systematic review of the literature following the process proposed by [15]. In identifying and selecting the research articles used as surveys, the researchers use several processes, namely, determining a set of defined keywords and a series of inclusion and exclusion criteria aimed at reducing the bias of selection and guaranteeing the quality and relevance of the chosen journal [15].
In the first phase, we searched scientific journals with the main keyword "TikTok Shop". In this process, the researchers also identified relevant articles such as a) “TikTok digital commerce” and b) “Digital marketing on TikTok shops.” The search for this scientific journal was done on Publish or Perish [16] by writing keywords on the search engines for open-access journals, Google Scholar and Science Direct.

The search was conducted in May 2022 and resulted in a total of 6,170 scientific journals on Google Scholar and 100 on Science Direct. Then the selected scientific journals are translated using OnlinedocTranslator.com, Onlinidoctranslate.com is a dedicated site for translating document-based files into various languages [17]. The next step is to import a list of scientific journals to Mendeley and read the titles and abstracts of the selected scientific journal to check its relevance to research. We also exclude papers published on outlets outside the domain of Information Systems, Computer Science, Business, and Management. We analyze and read all selected scientific journals and evaluate them independently. After that we presented the results of the Literature study that we did on the part of the results and the discussion. In the end we made a summary of the result of the study of literature.

3. Results and Discussion

TikTok Shop has become a digital marketing container that is now widely supported by many people from all walks of life. It can be used by online shops to promote sales by using TikTok, both through influencers, video reels, and live TikToks. By leveraging these features, we can gain a wider market share. Product marketing is done by informing related product details and promoting them to entire TikTok users by creating interesting content. TikTok has become a promising tool that companies use to market their products. This is supported by research results showing that Indonesia is in fourth place with 30.7 million TikTok users.

Table 1. Research related to the impact of TikTok Shop on sales

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<tr>
<th>No</th>
<th>Topic Articles</th>
<th>Related Research</th>
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<tbody>
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<td>1</td>
<td>The impact of TikTok Shop on COVID-19</td>
<td>[18] [19]</td>
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<td>2</td>
<td>Influencer's role as a supporter of increased sales during COVID-19</td>
<td>[8] [20] [21] [22] [23]</td>
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<td>TikTok Shop on MSMEs efforts during COVID-19</td>
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<td>Digital marketing techniques on TikTok Shop</td>
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3.1. The impact of TikTok Shop on COVID-19

Research [18] conducted research into the impact of online promotion through the TikTok application, the latest feature of TikTok Shop that could potentially boost product sales. The researchers also wanted to know whether the TikTok app could influence buyers' decisions and be effective in increasing sales especially during the COVID-19 pandemic. Where at the time the Indonesian economy was declining significantly by 5% due to the outbreak of COVID-19.

Increasingly successful technology is supported by a society that already has smartphones as a primary need [19]. Social Media Marketing is a marketing strategy that uses social media to promote or marketing in order to expand its own business. Social media marketing should also be supported by a good quality system to attract user interest. A good system quality has five indicators: user ease, response time, reliability, flexibility, and security. Marketing using the TikTok app has a good impact as it can increase sales in the time of the COVID-19 pandemic.

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It is an effective platform because it can encourage the creativity of content creators or sellers who want to attract the interest of consumers to see the products it offers either using short videos or live broadcasts made by the seller [18].

Online promotional media through TikTok Shop is an effective means of increasing sales in the time of the COVID-19 pandemic. Advertising media with TikTok is a major role because it can do promotions and entertainment that can be seen by many users of tiktok or potentially become consumers. The TikTok Shop platform that is inherent in millennials can influence potential consumers to buy a product that is promoted. A variety of TikTok features foster the creativity of sellers, one of which makes promotional videos with the latest music. If the video is interesting, popular, and gets a 'FYP', then it's potentially increasing sales turnover.

Research by Yuniarti [18] states that online marketing has a good influence on increased product sales during the current outbreak of the COVID-19 pandemic. Some sellers speculate that TikTok deals with sellers as content creators who have a bunch of creative ideas to increase their sales even though they are still in the difficult situation of the COVID-19 pandemic. So, in the end TikTok platform can be used as an alternative medium that is useful to promote online sales in addition to twitter, Instagram, Facebook, etc.

Solikah and Kusumaningtyas's research [19] interviewed three sources that could be drawn the conclusion that the TikTok application or the tikTok Shop feature is easy to use. This app makes it easy for content creators to attract users to buy products that have been introduced. Besides ease of use, TikTok Shop features are easy to access. The system in it is flexible and unwrapped enough for new users to use it. In the study [19] can also be concluded that the TikTok Shop application provides discounts such as coupons or free mailing lines with minimum certain purchases. The promotion that the seller does while doing live broadcasts at TikTok Shop is very interesting. This content can contain invitations or make users want to know what they're selling. In the TikTok Shop feature, sellers schedule live broadcasts to attract user interest. While conducting live broadcasts, sellers can review products and attach a yellow basket of products that can be purchased. TikTok Shop is a good place to sell because with the sales promotion strategy and the creativity of sellers, users do not feel bored to follow live streams. At the time of product review there was an interesting interaction between the seller and the buyer, both the request for product review according to the yellow basket catalogue, doubts about the product sold, to demonstrate the product. Overall, TikTok Shop activity ranges from ordering products, making payments, to complaining.

3.2. Influencer's role as a supporter of increased sales during COVID-19

Social media can now be used as a means of communicating and interacting in society. The severity of business competition demands sellers maximize the influence of technology in dealing with competition. There is a new understanding of the market, which is the concept of modern marketing, along with the growth of the Internet. One example of online business marketing via internet media using smartphones is [20]. With 160 million active users using social media with smartphones in Indonesia [29].

Indonesia is experiencing an increase in social media users. This is demonstrated by a user presentation of 59% of the 272.1 million Indonesians. The percentage value increased by more than 8.1% or 12 million TikTok users from April 2019. Social media is a container or tool that can make it easier for users to communicate, exchange information and disseminate creative
ideas with works in writing, videos, or photos. TikTok Platform is one of the lists of popular social media in the world by 2020 [29].

One of the successes in leveraging social media is using influencer roles. Influencer is said to be someone who has a major role in influencing consumer decisions in choosing a product either due to the views, advice, or opinions of such an influencer [30]. Influencers play an important role in starting to explain, explain the advantages and benefits of a product to increase the volume of sales of an online shop. When an online shop businessman needs good marketing, he can use the role of an influencer. The role of influencers has a significant impact on consumers and society [31].

Research by Fitri and Dwiyanti [20] sales data carried out by owner @skinbeautynatural in TikTok Shop’s social media speciality through influencer roles proved to increase sales results from September – November 2020. This research states that the promotion carried out in the media TikTok Shop has a major influence on increasing the volume of sales on the online shop @skinbeautynatural. Influencer roles like making promotional video content also proved to take customer attention so buying promotional products like Lippie Serum. The phenomenon is proven by the results of interviews that say that the promotion of influencers who have a lot of fans can expand the range of product marketing.

On digital marketing through social media is no longer alien to endorsements and influencers. Researchers [30] indicate that influencers are beneficial in introducing products to the audience of social media users as marketing enhancement activities. Considerations about choosing a decent influencer should also be taken into account, such as analyzing the popularity and self-branding of the influencer, whether it is suitable to promote the product, because a good choice of influencer will affect the brand image of a product. If you choose a good, appropriate, and honest influencer then it will have a positive influence on the product that is marketed.

Research [8] also compares directly with research [30] they suggest that social media marketing using TikTok influencers can affect customer interests. After conducting a descriptive trial analysis, social media marketing had a positive result with a presentation of 83.9%, an influencer of 86.11%, and a customer's buying interest at 83.1%. This study supports that Social Media marketing by using influencers in introducing and marketing products can increase customer buying interest in TikTok Shop so it can increase sales.

3.3. TikTok Shop on MSMEs efforts during COVID-19

Digital developments have made business marketing on digital media not just a form of marketing activity but an integrated form of communication using the power of human networking in an application [25]. This is demonstrated by some studies associating increased sales on social media with an increase of 10–50% [32]. Other studies also show that 75% of entrepreneurs who market their businesses through social media feel there is an increase, and the product becomes known to many people [33].

TikTok is an application created by a Chinese bytedance company based in Shanghai in 2016. TikTok enables users to share videos of a maximum duration of 3 minutes with filters, music backgrounds, templates and communication between audiences [34]. Indonesia is one of TikTok’s app markets. According to statistics, there are 30.7 million TikTok users in Indonesia. It increased rapidly about 20% of the number of users increased during the pandemic and occupies the highest use of TikTok users in Indonesia [18]. TikTok provides content such as
fashion, beauty, music, funfact, traveling, food and more. Fashion or beauty category in Indonesia reached the top of one of the most popular categories. It can be used by cosmetics business operators in marketing through the TikTok application [10].

During the pandemic, MSMEs perpetrators used TikTok as an attempt to promote their business. This content comes with hashtags and video music. This hashtag is used to make content appear on the search page and one of the attempts to show it on the FYP page [1]. FYP is a TikTok home feature that contains videos that are widely viewed or requested according to the algorithm. According to Jeanny, the way to get into FYP is to make content more visible. If content is more visible then the chances of appearing in FYPs are greater and it encourages promoting the business and making content more visited. TikTok also gives users the opportunity to display their videos on the FYP page by paying for the desired number of viewers [35].

In the study [1] concluded that the use of TikTok content during the pandemic to promote the enterprise provides improvement as MSMEs, this promotion is supported by the presence of SEO marketing strategy, and influencers by providing interesting content according to the interests of the audience. Advertising on TikTok isn't just through video. TikTok Ads is a feature in the form of ads on the main page or links linked to a website. TikTok Ads are ads in the shape of an ad in the usage cell of the content. However, the implementation of TikTok Ads still has little interest in its use by users and entrepreneurs. This is because for users of TikTok Ads, these types of ads are considered annoying because they appear on the main page or when moving between contents [35].

The TikTok shop is a feature that is shown to entrepreneurs [35]. This feature allows sellers and users to make transactions through the tikTok app [36]. Influencers also play an important role in promoting TikTok video advertising. Influencers have an influence on a community, and the community can follow the advice given by an influencer [36]. As cited by Milhinhos in [37], there are several indicators for measuring content that content marketers should have: relevant and useful information, factual or accurate, easy to understand, easy to find, and consistent in uploading content.

3.4. Digital Marketing Techniques on TikTok Platform

Digital marketing [38] is a marketing activity on the Internet that forms a relationship of trust for customers with the intention of communicating the business objectives of the company. [39] It is the use of information technology to connect potential buyers with the products being promoted. So digital marketing can be understood as marketing activities using information technology on the Internet to reach a wide range of customers in order to meet the needs of the company. Digital marketing aims to introduce products to a wide audience using a variety of techniques.

TikTok is one of the platforms that is growing so it can be used as a digital marketing tool where sellers can have their free creativity to attract customers. TikTok users are dominated by users aged 16 to 24, whose users like this are the ideal target of the promotion [40], [26] Submitting promotional techniques that can be done on the TikTok platform are advertising, storytelling, comedy, tagging, feedback, audio, and sales promotion digital marketing.

Advertising is a promotion technique that persuades customers by presenting information or content as well as possible so that it can attract the attention of customers [41]. This technique
is used by [26] presenting pieces of hangouts, estimates of food prices, advantages, and other important information according to content requirements. Story telling is a technique that describes stories usually telling about stories on the way to locations, conditions, vibes, and ends usually explaining products sold as promotional activities. In addition to the TikTok platform, story telling techniques are also commonly found on world-famous print brands [42].

Comedies can also be uploaded during promotions using the TikTok platform [26]. Includes a comedy element for a promotion that is placed on the narrative and video caption but is not applied continuously but only exists on a few content that could possibly include comedy elements. This is different from [27] which includes a comedian element by showing entertaining characters in every video content it uploads.

Social media generally must have a tag or hashtag feature to facilitate customer searches and help group content [43]. Fungsionalistas tag helps sellers on TikTok in promoting their products to enhance engagement [44]. When TikTok users want to upload a video, they will normally use a #fyp tag which means "For Your Page", which is intended to make the video appear on someone else's homepage even if the person named is not a follower of the content uploader account. Interacting with customers is also easier because of the direct feedback given like responding to comments with videos. On TikTok sales promotions are usually done by creating videos that contain promotional information and discounts to attract customers to keep watching until the end and have curiosity so visitors to the place or buy the products offered.

4. Conclusion

The TikTok Shop is a feature on the TikTok platform that can give salespeople the opportunity to promote their products. This study concluded that the use of TikTok Shop during the pandemic in promoting efforts to provide improvement for MSMEs was supported by the presence of SEO marketing strategies and influencers by providing interesting content according to the interests of the audience. In addition to using the influencer, TikTok also provides a live TikTok feature. It also provides TikTok ads, which are ads on the main page in the use of the TikTos content cell. However, the application of TikTok ads is still less in favor of its use by users and entrepreneurs. This is due to the type of ads that are considered annoying because they appear on the primary page or when moving between the content. Our advice is that sellers should be able to adapt to making videos and performing live products and enhance creativity in creating video content. The disadvantage of this research is that there are difficulties in finding journals related to TikTok Shop.

References


