CHAPTER I

INTRODUCTION

1.1 TikTok Company Overview

TikTok is a social media application for creating and sharing short-form mobile videos as well as live streaming. Its app is available worldwide for iOS and Android. The Company enables everyone to be a creator and encourages users to share their passion and creative expression through videos (Leidig, 2020). TikTok apps has a simple logo shown in **Figure 1.1** below:


Figure 1.1 TikTok Company Logo

Source: TikTok.com (2020)

TikTok is owned by Bytedance, a Beijing-based company founded in 2012 by Zhang Yiming. It is used to create short lip-sync, comedy, and talent videos. The app was launched in 2017 for iOS and Android in markets outside of China. This application allows users to create short music and lip-sync videos of 3 to 15 seconds, and short looping videos of 3 to 60 seconds. (TikTok, 2020). TikTok's revenue in the fourth quarter of 2019 reached USD 50 million or around Rp700 billion. This income is increasing 310 percent compared to the same period last year. This was reported by Apptopia, a startup company that tracks the revenue and the use of mobile applications. (Simatupang, 2020).

According to SimilarWeb data, TikTok is in the 1st rank application with the category of Video Players that hits more than 150 million downloaders in Indonesia (SimilarWeb, 2020). According to Influencer MarketingHub that was published on March 19th 2020, there are statistics of TikTok:

a. TikTok was ranked on the 4th most popular free iOS apps download in the 2019. TikTok even managed to achieve more downloads on Apple's mobile platform than Facebook, Messenger, Gmail, and Netflix

b. Highly popular in many Asian countries. TikTok's support has grown dramatically in most Asian countries, as well as Indonesia, Malaysia, Thailand and Vietnam.

c. TikTok has more than 800 million users worldwide in the first half of 2018. It can be seen on the **Figure 1.2** below:
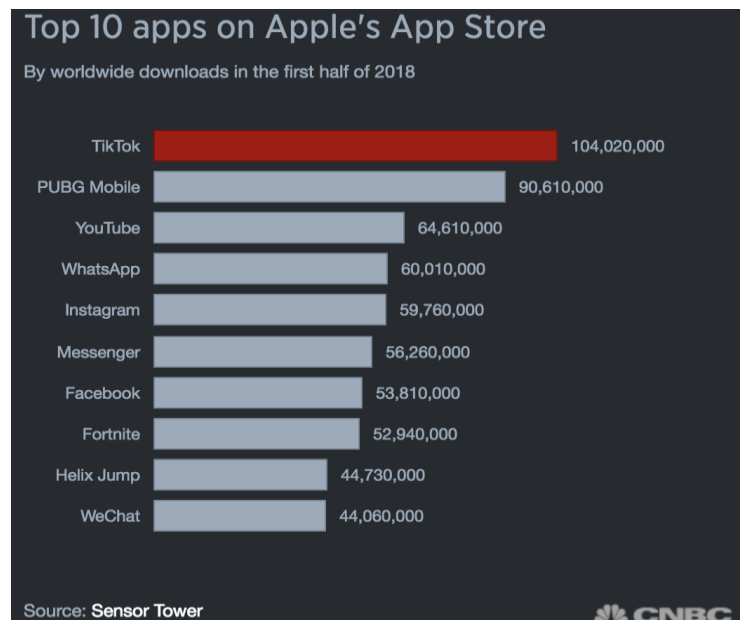
**Figure 1.2** Top 10 Apps in Apple Worldwide

Source: influencermarketinghub.com, (2020).

1.2 Research Background

Technology is a science that helps to provide a sense of comfort to share the creativity. Technology is made to facilitate human work. The development of technology is increasing rapidly, seen from many activities that are carried out by humans every day. Internet users in Indonesia is a large number indeed cannot also be denied. Besides the internet becoming a medium to find information and exchange information, the internet can be used to express feelings and share moments (Humaniora, 2019).

The development of the internet in Indonesia is growing rapidly. Based on *Asosiasi Penyelenggara Internet Indonesia (APJII)*, in 2018 the number of internet users in Indonesia has increased by 11% from previous year. Internet user

penetration in Indonesia in 2018 is 64,8% of the total population. **Figure 1.2** below shows the number of internet users is increasing year by year, there are 264,16 million internet users in Indonesia, meaning half of the population in Indonesia are using the internet. (APJII, 2018).
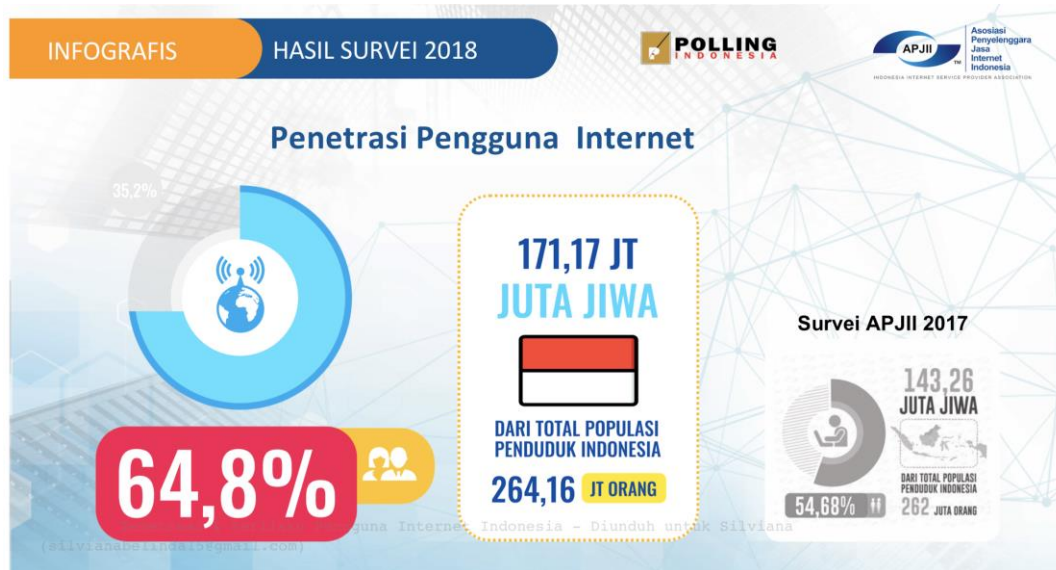
Figure 1.3 Internet User Penetration in Indonesia

Source: APJII, (2018)

According to *Asosiasi Penyelenggara Internet Indonesia* stated that 19,1% of Indonesian people are using the internet to expand their social, one of social media that Indonesian people use is to watch the video or share the moments to their relatives which got 45 percent of people using it as their daily activity. Seeing the changing lifestyle of society, makes the company take an advantage of this as a business opportunity (Suyanto and Kumalasari, 2013). It can be seen on **Figure 1.3** below:
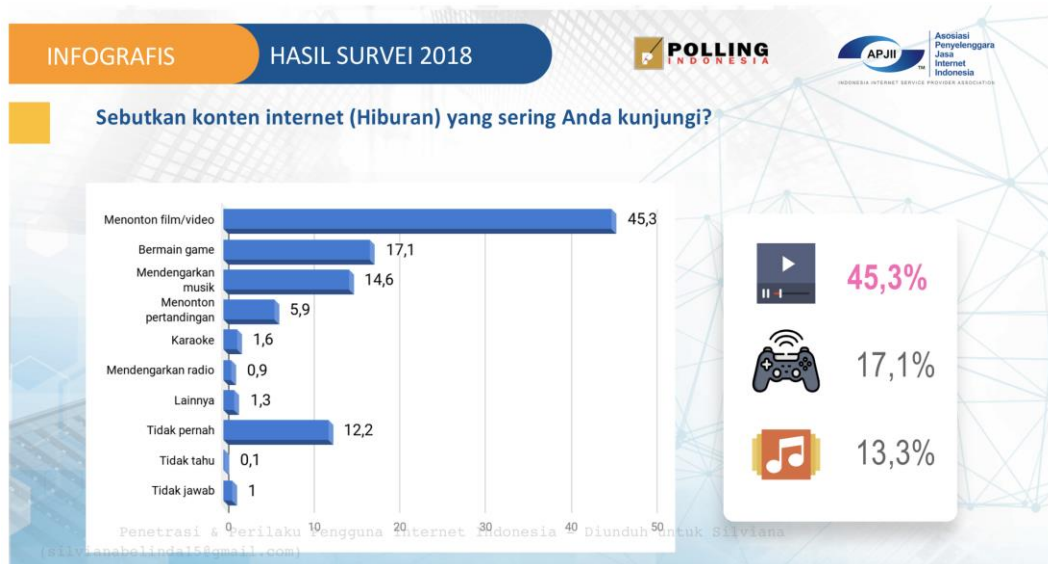
Figure 1.4 Content of the Internet by Indonesian

Source: APJII, (2018).

In Indonesia, the internet has become something that cannot be separated from the new culture of society such as social media. Social media is the best context for industrial media paradigm compared to the traditional media such as television, radio, newspaper, which are only one-way, static technology (Suyanto and Izzaturohman, 2019). Through the social media, Indonesian people are able to make innovations that aim to provide ease of communication and to express themselves through video applications that can be viewed globally, such as TikTok. TikTok is an application that has a special feature for short videos so that it looks interesting and can be watched by anyone as long as they have an internet network (Zulkarnain, 2018).

The premise does not explain the motivation of why people share, simply that one shares as one becomes "infected" and thus, content spread. (Ahise et al, 2020). TikTok is a comparatively new social media platform created on 2018, when Douyin merged with Musical.ly. In just two years, TikTok has grown into one of the biggest social media platforms in the world and the extensive user base of TikTok has caught the attention of marketers. As of December 2019, the platform boasts over 200 million monthly users (Clement, 2020), of which 55% actively uploads videos (Beer, 2019). It has the mission to *"inspire creativity and bring joy"* (TikTok, 2020). It is built around User-Generated Content (UGC) where users

create their own content to upload creative, short looping video containing a variety different content such as dance-routines, science experiments and visual memes (Ahise et al, 2020). According to Xu et al (2019), TikTok has its rich content has made the platform immensely popular. The research that conducted by Sloane and Rittenhouse (2019) mentioned that TikTok has a young user-base with 69% of the user aged 16 to 24.
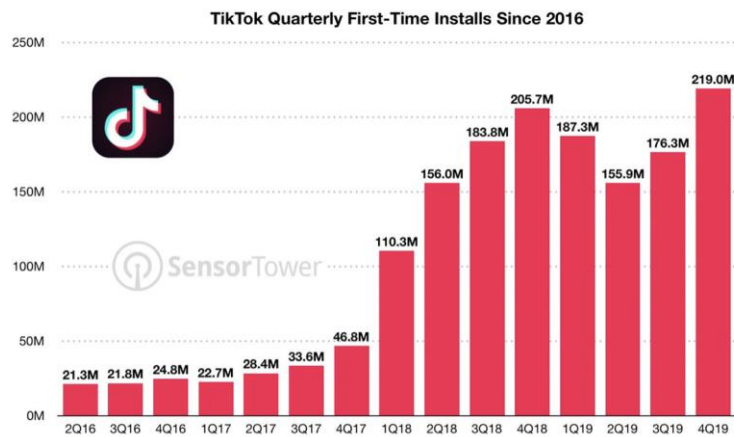
Short video platforms have become a popular form of social media applications among millennials for sharing entertaining contents (Patrick, 2018). Most short video platforms are mobile applications, where users can create, edit, share and view short videos. Short videos have a standardized short duration ranging from few seconds to few minutes, the relative convenience of content generation, rapid content transmission, and emphasis on sociality are the distinct attributes of short video platforms (Zhao & Wang, 2015). With the rapid development of the short video industry, short video marketing is increasingly favored by advertisers such as TikTok (Xiao et al, 2019)

On 3rd July 2018, The Ministry of Communications and Information Technology in Indonesia took action by blocking some in-app features of the phenomenal lip sync mobile app TikTok. According to the Minister himself, Rudiantara, as cited on CNN Indonesia, it has a negative content leading to the harmful effects on underage users are behind the blockage (CNN Indonesia, 2018).

	App	Publisher	Usage Rank	Change	Store Rank	Change
1	TikTok	TikTok Pte. Ltd.	3	=	1	=
2	Likee - Formerly LIKE Video	BIGO TECHNOLOGY PTE. LTD.	4	=	2	=
3	YouTube Go	Google LLC	2	=	3	=
4	TikTok Lite	TikTok PTE.ltd.	8	=	4	=
5	KineMaster - Video Editor, Video Maker	KineMaster Corporation	16	=	5	=

Figure 1.5 TikTok Rank in Indonesia

Source: SimilarWeb.com, (2020).

TikTok Quarterly First-Time Installs Since 2016

Figure 1.6 TikTok Quarterly Install Since 2016

Source: businessofapps.com

1.3 Problem Formulation

Based on the explanation in the research background, with the rapid development of the short video industries, there are so many applications appearing which mainly prompted the short video to expand more. currently, the phenomenon of TikTok video application in Indonesia has emerged. TikTok is a music creative short video social software. It is a 15-second music short video community that dedicated to young people. Users can select songs and shoot 15-second music short video to form their own works and release. It differs from the other type of short video apps that have similar and repetitious contents. This application is growing very fast and become a trending social media for a video application (Liqian, 2018)

Even though in the 2018 the Indonesia Ministry of Communications and Technology had blocking to this application and stated that TikTok has a negative content for its user, it increased more than 50% of downloaders and user since 2016 until now (Iqbal, 2020). The higher number of TikTok user is a potential for ByteDance company to be able to attract user interest in using this application. Many Indonesian use TikTok apps due to several factors. Therefore, the researcher feels need to do the further analysis about the factors that influencing people in Indonesia in using TikTok as the application to share moments and express their feelings.

1.4 Research Question

Based on the background that has been described, the problem raised in this is study are as follows:

1. What kind of factors make Indonesian people use TikTok as the application to share moments and express their feelings?
2. What dominant factors make Indonesian people using TikTok?

1.5 Research Objectives

Based on the research question that has been mentioned before, the objectives of this study are as follows:

1. To identify the factors that make Indonesian people use TikTok as the application to share moments and express their feelings.
2. To identify the most dominant factor Indonesian people using TikTok

1.6 Research Scope

1.6.1 Location and Object of Study

The location of object study is conducted in Indonesia with the object of a video player application called TikTok users.

1.6.2 Time and Period

This research will be held from March 2020 - May 2020.

1.7 Significance of Study

1.7.1 Theoretical Aspect

This study is expected to be a reference in further research, become an insight of factors that makes Indonesian people use TikTok and to increase knowledge about it.

1.7.2 Practical Aspect

This study is expected to be an input and recommendation to do further in innovating development and business strategy for TikTok company management by involving understanding factors of Indonesian people using TikTok as the application to share moments and express feelings.

1.8 Systematic Writing

CHAPTER I. INTRODUCTION

The introductory chapter contains the background of the problem, research questions, research objectives, and systematic research.

CHAPTER II. LITERATURE REVIEWS

The literature chapter contains the theoretical foundations that support research, similar research, the research framework and hypotheses proposed in this study.

CHAPTER III. RESEARCH METHODS

This chapter contains research variables used, operational definitions, sample determinations, type and source of data, data collections methods, validity and reliability, and analysis methods used in this study.

CHAPTER IV. ANALYSIS AND CONCLUSIONS

This chapter outlines the result of the research and detailed discussion and systematically in accordance with the research question and research objectives.

CHAPTER V. CONCLUSIONS AND SUGGESTION

The last chapter of research presents the conclusions which is derived from result findings, all the data processing and result analysis. This chapter also includes a recommendation for further developments in the field of research.