

# Research on Brand Positioning Strategy and Brand Extension Strategy of Platform Enterprises——Taking TikTok as an Example

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**Abstract.** Platform enterprises rely on a new generation of information technology such as big data, cloud computing, and the Internet of Things to provide a digital platform for both supply and demand sides and facilitate transactions. As a result of ongoing technological advancement in this field in recent years, more and more platform companies become known to a wider public. Among them, TikTok is undoubtedly one of the most successful representative enterprises. TikTok adopts a targeted approach to brand positioning, establishes the target user group as young people, and extends the brand through brand ecological extension, expansion of overseas markets, and cooperation in marketing activities. TikTok's brand positioning and brand extension strategies are taken as the research object in this paper. The SWOT model is also used to analyze the advantages and disadvantages of the corporate strategy in terms of communication channels and content, as well as the opportunities and threats it faces in the macro-political and economic environment. At the same time, solutions are proposed to improve user experience, expand domestic and foreign markets, and build an ecosystem.

**Keywords:** Platform Enterprise; Brand Positioning; Brand Extension; Marketing Strategy.

## 1. Introduction

With the continuous development of Internet technologies represented by big data, Internet of Things, social e-commerce, etc., platform companies that link demand and supply have gradually risen and entered people's daily lives. Since the birth of China's first e-commerce platform "Taobao" in June 2003, the platform economy entered the embryonic and initial stage. In the following decades (2003-2015), the platform economy moved on to a stage of explosive growth, when the slogan "mass entrepreneurship, mass innovation" was put forward at the Davos summit in 2014. From 2015 to 2019, there are increasing competition and risks in the platform economy, with mergers and acquisitions as the main characteristics. With the outbreak of the COVID-19 epidemic in 2022, the advantages of the digital economy and the platform's "contactless transaction" characteristic have been rapidly highlighted, and at the same time, the financial risks, monopoly problems, and data security problems of the platform economy are also gradually amplified, and it entered the stage of rectification and governance.

In recent years, under the situation of global economic growth slowdown, the platform economy has maintained stable and relatively rapid development, whose typical manifestations include online shopping, takeaway, live broadcasts, short video, etc. China's leading platform companies such as Taobao, JD.com, and Meituan have almost become an inseparable part of the daily life of the people in this country. The platform economy plays an important role in China's domestic market, and their international versions, such as Douyin's TikTok, Shein's SHEIN, and Pinduoduo's Temu, also emerged in global markets.

Compared with traditional enterprises, the brand positioning and brand extension strategies of platform enterprises are usually more complex and diversified, which is mainly reflected in the fact that their brand positioning should take into account their own brand image and characteristics and the brand image of suppliers, consumers and other partners associated with them. Their brand



extension needs to pay attention to the consistency with the original brand and maintain brand loyalty and trust.

There is no doubt that TikTok cannot be ignored among the many world platform companies that have risen dramatically these years. In 2016, TikTok was launched by ByteDance Group, initially promoted in the Chinese market under the name "Douyin", and officially launched the overseas version of Douyin(TikTok) in 2017. Since then, TikTok has quickly taken the world by storm, and in 2021, the number of monthly active users exceeded the one billion mark, with a total of more than 3 billion downloads, covering more than 150 countries and regions around the world. And in 2022, it became the "most popular app in the world of the year", ranking first in the world in terms of annual downloads.

TikTok's success is inseparable from its unique brand positioning and brand extension strategy. Douyin's target audience is mainly young generation, with more than half of users under the age of 30 [1]. It attracts the attention of young people through personalized, innovative, and interesting short video content, and its core values are youth, fashion and trend. TikTok's brand positioning approach mainly targets positioning by building an open, shared, and convenient platform to connect suppliers and consumers and facilitate transactions. It also provides each user with an opportunity to create freely and show their talents, meeting the needs of consumers and users' needs for self-presentation and entertainment [2]. In terms of brand extension, TikTok actively expands user groups and overseas markets, pays attention to brand ecological extension, and has launched a series of derivative products and sub-brands, such as Douyin Volcano Edition, Douyin Live, Douyin E-commerce, Douyin Pay, etc. Meanwhile, it has established partnerships with many well-known brands or individuals to carry out marketing activities and launch co-branded products. For instance, during the Chinese New Year in 2023, TikTok cooperated with the four major brands of POPMART, China Post, Hippocampus, and Lego to carry out the New Year's red envelope activity, which not only attracted a large number of old users to actively participate in it, but also attracted a large number of new users, successfully improving brand awareness.

The SWOT model is used in this paper to analyze the advantages and disadvantages of the brand positioning and brand extension strategy of the TikTok platform, as well as the opportunities and threats faced by TikTok in the macro-political and economic environment. At the same time, regarding with TikTok's strategy improvement, ecological construction, and platform governance, targeted suggestions are put forward, which have certain reference significance for other platform companies.

## **2. Using the SWOT Model to Analyze TikTok's Brand Positioning and Brand Extension Strategy**

### **2.1. Strength Analysis**

#### **2.1.1. Advantages of communication channels**

TikTok has a large number and a wide range of users, so the platform has fast information interaction and high efficiency. A large number of users also brings a large number of consumers and suppliers, which provides conditions for the generation of economies of scale, not only provides consumers with lower prices and more choices but also facilitates suppliers to quickly find their positioning and find target customer groups, saving costs. TikTok's powerful intelligent personalized recommendation algorithm sets it apart from competing brands. Its unique algorithm technology mainly uses big data technology to collect and store user data, analyze user behavior in real-time, and better understand video content and user preferences through collaborative filtering, content feature extraction, deep learning model, and other methods, finally successfully achieve accurate positioning and push, providing a good user experience and enhancing user stickiness.

### **2.1.2. Advantages of content**

In the era of short videos, content is one of the key factors for platforms to stand out and develop steadily. TikTok encourages content innovation, not only building a stage for creators to show themselves but also providing users with a platform for entertainment and relaxation. It relies on diverse and interesting content to attract and retain users, creating a unique brand image. On TikTok, everyone can become a content creator and publish their works, and often high-quality works will get more streams, which stimulates users' enthusiasm to participate in creation, and even gives birth to a group of professionally produced content producers and institutions [1]. To get more streams, creators compete with each other and strive to maintain the originality, novelty, and interest of their content, which also ensures the content quality of the entire TikTok platform.

## **2.2. Weakness Analysis**

### **2.2.1. Excessive advertising placement leads to a decrease in user experience**

To maintain its brand positioning as an e-market platform and increase its economic benefits, the TikTok short video platform has too much advertising, which affects the user experience. The right to choose and the right to know are the basic rights of consumers. Consumers should have the right to choose whether to watch advertisements from businesses and at least know whether the video they are watching is an advertisement so that they can choose whether to believe the content of the advertisement. According to the data, as of December 2023, most of the TikTok food exploration videos searched for are still not marked with advertising words [4], and these videos will be brushed by all users indiscriminately. Not only affects the user experience, but it also tends to leave a bad impression on users, which is not conducive to increasing economic benefits and brand extension of the TikTok platform.

### **2.2.2. Consumers tend to shop rationally and easily change their consumption channels**

For various brands, excessive reliance on live streaming can easily lead to a large number of one-time purchasing users and the growth of subsequent sales volume cannot be guaranteed. Most product sales rely on consumers' momentary impulse rather than rational decisions made based on multiple factors such as product quality and brand. Currently, the main channel for brand online shipments is still the brand flagship store, and domestic brands are gradually shifting from pure short video and live streaming sales to relying on shelves for support. In the era of traffic, e-time consumption platform is a temporary trend, and brands will eventually return to traditional shopping platforms.

## **2.3. Opportunity Analysis**

### **2.3.1. opportunities in the short video industry**

The target user group of short video platforms led by TikTok is mainly people under the age of 30, and users in this age group not only tend to impulsively consume and consume ahead of time, but are also in the pre-stage of consumption upgrading, and have huge consumption potential [3]. In addition, the main business models of short video platforms are social e-commerce and live broadcast e-commerce, which still have a lot of room for development in the future, and will maintain an incremental market for a long time in the future, and its business will expand to more countries and regions, and launch more services and functions.

### **2.3.2. Market expansion under the wave of globalization**

TikTok has achieved great success in the domestic market and is also actively expanding international markets, such as India, the United States, Brazil, etc. In the future, with the trend of market globalization and the coverage of communication technology, TikTok will have the opportunity to expand to more countries and regions and attract more users, especially in developing countries or regions. These countries or regions do not yet have the objective technical conditions to use Douyin, and 4G or 5G technology has not yet been fully covered.

## **2.4. Threat Analysis**

### **2.4.1. Cultural Issues in Global Brand Expansion**

Over time, TikTok brand building has achieved remarkable results and has gained wide influence and high user stickiness worldwide, especially among the younger generation. The wide spread of the TikTok platform in the global culture has caused some countries to maintain their own culture. For example, the Energy and Commerce Committee of the House of Representatives of the United States voted to pass a bill against TikTok, which requires China Byte to divest its control over its short video application TikTok, otherwise TikTok will be banned in the United States. This also shows that TikTok should pay more attention to the issue of cultural output in future development and try to avoid the stagnation of brand development caused by cultural conflicts. In addition, TikTok is not only an eternity platform but also a social platform, a medium of communication, and also a platform for public opinion evolution under the recommendation of algorithms. Therefore, the TikTok platform also needs to pay attention to the guidance of public opinion, understand the direction of public opinion in time, and make corresponding changes according to the specific situation.

### **2.4.2. The threat of Taobao is a live streaming platform**

TikTok mainly conducts business on eternity platforms. As a traditional live broadcast platform, Taobao is one of the largest e-ray companies in China. Its advantages lie in its extensive user base and strong brand awareness. Unlike TikTok's centralized brand-type live broadcast, Taobao provides a wide range of commodity types. The year 2022 is the third year for TikTok Essex to participate in the "Double 11". During the event, the platform invested a lot of traffic to support TikTok Essex, but it did not achieve the expected effect. Although the platform's sales have increased during this period, it still falls short compared to the comprehensive e-awaited platform Taobao. There is also a big gap between the sales capacity of Tiktok Mall and the traditional e-commerce platform. Although Tiktok currently has a large number of active users, these users have not directly brought significant sales results to Tiktok e-commerce. At the same time, due to the high degree of freedom of Tiktok live broadcast, the content quality and authenticity may be unstable [5]. For this situation, the platform needs to further reform the form and content of Tiktok live broadcast to improve its competitiveness.

## **3. Suggestions and Discussion**

### **3.1. Improve Brand Marketing Strategy Based on User Needs**

Classify different types of videos into corresponding audiences based on their previous video viewing data. Including age, gender, interest, the bias of personal works, consumption records of TikTok Mall, etc. Improvements can be made from the following aspects: firstly, creating advertising content that is more appealing to users. The second is to strictly screen advertising proposals for brands with high visibility and sufficient funds. The third is to monitor and optimize advertising effectiveness.

### **3.2. Establish a User Base and Create Unique Brand Needs**

If TikTok wants to realize globalization, it is always the first strategy to strengthen itself. Utilize the internet to establish a platform user base in different regions, and create different platform models based on the needs of users in different areas. For example, different countries have different preferences for short videos, and the videos published by short video creators can be screened based on local cultural and linguistic factors. While filtering, optimize video content to avoid pushing sensitive events in some countries. TikTok creates unique brand demand, which is conducive to improving the number of users and obtaining a solid user base. It is just the so-called sincere communication that can make it a long time ago.

### **3.3. Improve the Construction of Brand Ecology**

Build a more complete TikTok creator system, including skill improvement, experience sharing, etc., to encourage the production of more high-quality content. Firstly, utilize platform resources to train creators with high fan numbers, while conducting statistical analysis on their likes and favorites data before and after, selecting the most effective solution and making changes to any unreasonable issues. After improvement, this plan will be combined with the actual situation of other creators for targeted training. Secondly, encourage creators of high-quality videos to hold experience exchange meetings, increase publicity, and provide more direction for video creators to optimize video quality.

### **3.4. TikTok Platform Governance**

TikTok platform is committed to creating a healthy ecosystem of "good service, good content, and good goods", and must also do a good job in platform governance. Firstly, for consumers, e-commerce live-streaming platforms, like general shopping platforms, need to protect the legitimate rights and interests of consumers. Among them, the core consumer demands such as genuine product guarantees and return and exchange guarantees for some well-known brands should be implemented by the requirements of government public policies. In addition, the content of the TikTok short video should not only be interesting but also ensure the legitimacy of the information involved in the video and the quality of the video content. TikTok audiences are different in age and involve minors. Therefore, the content of video creation should be strictly reviewed to prevent the impact of a bad atmosphere. Moreover, as an e-commerce platform, TikTok should attach great importance to commodity quality management, improve official quality control requirements, strictly manage commodity information, and ensure the legitimate and compliant operation of its businesses.

## **4. Conclusion**

In this paper, we mainly study the strategy of brand positioning and brand extension of platform enterprises and take the TikTok platform as an example to carry out analysis. By sorting out the classic literature on brand management at home and abroad, summarizing its core ideas, and collecting information and data on brand management of the TikTok platform, we can understand TikTok brand construction and existing problems. In addition, through the integration and updating of data, the SWOT analysis method is used to propose solutions to the problems existing in the TikTok platform. For example, based on existing literature, it is proposed that the TikTok platform should pay attention to user needs and improve the marketing strategy of the existing platform to cope with the resistance of other countries to the output of TikTok culture in the international context. Based on the comprehensive analysis of the advantages, disadvantages, opportunities, and threats of the TikTok platform, suggestions are put forward. It has laid a solid foundation for the development of TikTok brand in the market. At the same time, it also provides valuable reference and guidance for the government on platform governance issues.

## **Authors Contribution**

All the authors contributed equally and their names were listed in alphabetical order.

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