

When looking at TikTok's growth strategy, Novak also discusses the emphasis it has placed right from the beginning on unique content creators, positioning the app as a content creation tool and the best tool for editing short-form videos on mobile. In fact, when TikTok began, many creators used it to post to other platforms but TikTok cleverly forces the user to post in order to export them, also adding a logo watermark with every exported video.

The company has truly focused on looking after content creators, helping them with content suggestions, demos and in-person live events to encourage collaboration. It aggressively went after the biggest social influencers in each market to recruit them onto the platform, made some smart partnerships with brands and media early on to kickstart aspiration and growth, before acquiring Musical.ly to create a beachhead in the US and Europe and spending heavily on Google and Facebook to acquire users and kickstart the network.

### 3.1.2 The future of TikTok

TikTok's application of this smart growth strategy meant that it reached the one billion user mark faster than any of the large social apps. Novak notes that TikTok's ambition will inevitably lead into launching other products and services, which follows the modern growth strategy explained by serial entrepreneur Elad Gil: building the optimal product in a market, aggressively growing the user base to create a direct relationship with a network of users and then using this network to launch new products.<sup>21</sup>

As Novak puts it: *"In TikTok's case, layering on more content types over the past two years and expanding the scope of its interest graph is just the start. We should think of TikTok as not only a data collection and ad delivery vehicle, but also a top-of-funnel to push users towards other products."*

He goes on to describe several key areas where TikTok may logically develop propositions in the future, including long-form video (the new COO/CEO of TikTok is the ex-head of the already successful Disney+), music streaming, gaming, messaging, consumer finance, and even education and enterprise software (the parent company ByteDance has already launched a play in this area).

In the near future however, it is likely that TikTok will focus on new features to help content creators make money. Its Creator Marketplace already acts as a place to connect brands to different content generators and influencers. Another logical development is the integration of ecommerce into videos. Content creators on the Chinese version of TikTok, called Douyin, can already create videos that link through to Alibaba's Taobao store. Shopify could be a partner in other markets, though it has already announced a big partnership with Facebook to help brands create branded Facebook shops.

Technology site Technode reported in May 2020 that TikTok's parent company ByteDance is building a small team to also focus on in-car services and entertainment.<sup>22</sup> The team is apparently focusing on technology solutions which may lead to new services that can be used in-transit, and have reportedly been in talks with some automotive manufacturers and infotainment providers. This could be a long-term bet. ByteDance has already invested in electric car maker Li Auto, and the long-term potential growth in self-driving cars could well result in much more time for car passengers to dedicate to entertainment.

In less than four years, TikTok has become what Turner Novak calls the most culturally significant product in the world, so it will be interesting to watch where it goes next.

## 3.2 Shoppable video

The integration of ecommerce into video seems like an inevitable trend but has also been one that has been a long time coming. Some recent developments show that we are perhaps at a turning point for this new capability as the technology has improved.

<sup>21</sup> <http://blog.eladgil.com/2018/04/product-to-distribution.html>

<sup>22</sup> <https://technode.com/2020/05/20/bytedance-is-forming-a-car-infotainment-team/>

For example, Snapchat is including it as part of its Snap Originals proposition; original content streamed in series, like the new Driven show about custom cars.

A series called The Drop will focus on the story behind exclusive streetwear collaborations between celebrities and designers. It is the first Snap Original that features ecommerce as part of the narrative with viewers hearing about the collaboration, seeing the item for sale, and then being notified about a time later that day when the item will go on sale. Then, at that time, the episode will be updated with more content including an option to swipe up to buy.

### 3.2.1 Livestreaming

Meanwhile, this spring's Shanghai Fashion Week was probably the first fashion week ever to have been entirely digital. Happening after the pandemic lockdown came into effect, the entire event was held on Alibaba's ecommerce platform Tmall, offering a fascinating glimpse into what an entirely digitised, commerce-focused event can be. Featuring streamed catwalk shows, entertaining teleshopping and livestreaming, it showcased some of Alibaba's most advanced shopping technologies.

Fashion news site Fashion United has a good summary of the key features.<sup>23</sup> To begin with, instead of simply viewing the usual physical catwalk shows, users could switch between a series of virtual 'rooms' where designers were showcasing their collections, with models and presenters narrating live, and comments and questions coming in from viewers. Customers could also see which items were available for immediate sale and see those products with lots of reactions and buzz around them real time. They could then take part in live Q&As with the designers after the shows. Videos of influencers and regular customers talking about why they like the designers were shown in between the shows. There was even an aftershow virtual DJ party to which everyone was invited.

Livestreaming is hugely popular in China and a significant feature of ecommerce in the market. According to Deloitte, in 2018, the livestreaming market in China was worth \$4.4bn, with an audience of around 465 million livestream viewers.<sup>24</sup>

Bloomberg reported that in that same year, so-called China livestreaming queen Viya reportedly earned 30m yuan (about \$4.3m) by integrating commerce links into her livestreams.<sup>25</sup> Each night she features a variety of products from cosmetics to cars, appliances to clothing. Recently she hit a record high audience of more than 37 million, on Singles' Day she achieved more than 3bn yuan (about \$43m) in sales and she once even sold a rocket launch for around 40m yuan (or \$5.7m).

This quarter, Alibaba rival JD.com announced a strategic partnership with Kuaishou, the main rival of Douyin (the original Chinese version of TikTok).<sup>26</sup> Given the popularity of both livestreaming and short-form video, it is perhaps little surprise that collaborations like this are seen as routes to monetisation for both parties.

### 3.2.2 NTWRK

New app NTWRK is another up-and-coming player in the shoppable video market, describing itself as an app that allows users to "*shop at the speed of culture*".<sup>27</sup> NTWRK creates shoppable shows that feature big pop culture brands in streetwear, sneakers and collectibles. Users can watch the shows through the app and products that drop during each episode, which can also be bought exclusively on the app and website.

<sup>23</sup> <https://fashionunited.uk/news/fashion/shanghai-fashion-week-the-first-entirely-digital-fashion-week/2020040648343>

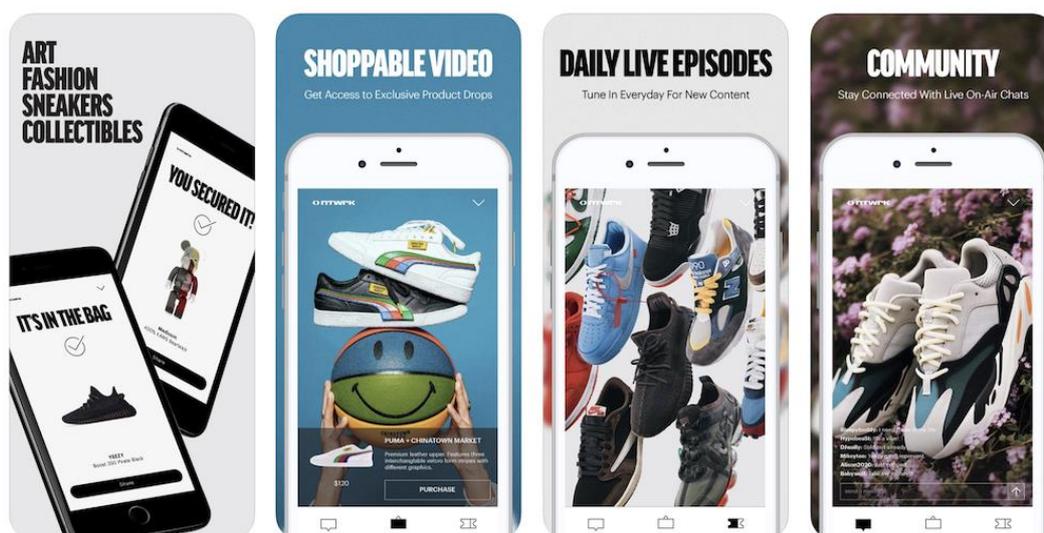
<sup>24</sup> <https://www.forbes.com/sites/franklavin/2018/06/19/why-does-china-lead-in-live-streaming/#7062f8ef5dca>

<sup>25</sup> <https://www.bloomberg.com/features/2020-viya-china-livestream-shopping/>

<sup>26</sup> <https://techcrunch.com/2020/05/27/chinas-top-short-video-apps-and-e-commerce-giants-pally-up/>

<sup>27</sup> <https://thentwrk.com/>

Figure 7: NTWRK is an example of the accelerating integration of ecommerce into video



Source: NTWRK<sup>28</sup>

The integration of commerce into video is inevitable and it now appears to be accelerating.

### 3.2.3 Livestreaming and gaming

Gaming and esports have benefitted from people being at home a lot more over lockdown, which is reflected in the growing popularity of livestreaming, notably on Twitch. Data from livestreaming software business Streamlabs indicates that having hit the milestone of 3 billion hours viewed in one quarter back in March, Twitch has now hit 5 billion hours in the second quarter, with average concurrent viewing rising to almost 2.5 million people.<sup>29</sup>

Gaming platform Fortnite has been continuing to evolve in interesting ways, creating a new metaverse – or mode within the game – called Party Royale which is part digital theme park and part tropical island hangout.<sup>30</sup> In Party Royale, players still land on an island (like in the main game) but instead of running around and shooting each other, they hang out and watch streamed shows and events within the metaverse. There is no game play within the mode; instead, this is where Fortnite streams a number of live events.<sup>31</sup>

In April, rapper Travis Scott's live concert in Party Royale attracted more than 27 million players and set a new record of over 12 million concurrent players.<sup>32</sup> Users played the event more than 45 million times in total across five screenings. In May, a trailer for the new Christopher Nolan film Tenet premiered in Fortnite, and later this summer he will screen a full version of one of his films in the game for free.<sup>33</sup>

Given the current restrictions around live events, this might just be the start of a more long-term trend towards virtual live events and screenings, and even hints at a potentially different and bigger future for Fortnite itself.

<sup>28</sup> <https://thentwrk.com/>

<sup>29</sup> <https://blog.streamlabs.com/streamlabs-stream-hatchet-q2-2020-live-streaming-industry-report-44298e0d15bc>

<sup>30</sup> <https://www.eurogamer.net/articles/2020-05-04-fornites-no-combat-party-royale-is-its-next-bold-step-towards-creating-a-metaverse>

<sup>31</sup> <https://www.theguardian.com/games/2020/may/15/fornite-party-royale>

<sup>32</sup> <https://www.digitaltrends.com/gaming/travis-scott-fornite-27-million-players/>

<sup>33</sup> <https://www.gamesradar.com/uk/fornite-is-screening-an-entire-christopher-nolan-movie-for-free/>