FACTORS OF USING TIKTOK AS BUSINESS PLATFORM TOWARDS SELLING DECISION

VINOSHINI SEENIVASAN

The thesis is submitted in partial fulfillment of the requirements for the awards of Bachelor of Technology Management
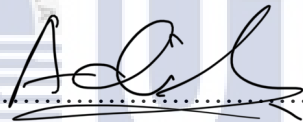
(Technology Innovation)

Faculty of Technology Management & Technopreneurship

Universiti Teknikal Malaysia Melaka

JANUARY 2023

VERIFICATION

'I / We hereby declared that I / We had read through this thesis and   in my / our opinion that this thesis is adequate in terms of scope and quality which fulfill the requirement for the award of Bachelor of Technology Management (Technology Innovation)'

Signature   : ……………………………

Name of Supervisor   : Madam Adilah Binti Mohd Din

Date   : 9 / 2 / 2023

Signature   : ………………………….

Name of Panel   : Assoc. Prof. Dr. Norain Binti Ismail

Date   : 9 FEB 2023

DECLARATION

"I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with sources clearly"

Signature   : *s.vinoshini*

Name   : VINOSHINI SEENIVASAN

Date   : 30th JANUARY 2023

DEDICATION

I desire to thank my parents, K. Seenivasan and M. Kasturi, as well as my family members, for the successes of this proposed study. This report will be dedicated to them since I wanted to thank them for the countless sacrifices, they made for me throughout my time as a student at this university, as well as for their guidance, financial support, and support during the writing process. Following that, I would like to thank Madam Adilah Binti Mohd Din, my supervisor, and my friends for their assistance in finishing this Final Year Project.

ACKNOWLEDGEMENT

ABSTRACT

The purpose of this study is to determine TikTok's awareness as a business platform in terms of selling decisions. After the pandemic covid 19, the study of social media on online business has become one of the primary research topics. However, there is still a gap in the social media platform TikTok in Malaysia, and most research is less likely to focus on TikTok as a business platform to sell products and services. Furthermore, TikTok is a potential social media platform that is on the increase, with a plethora of interesting small business ideas available to help businesses grow. Thus, this study is conducted to investigate the factors of using TikTok as business platform towards selling decision. There are three independent variables that had been determined in this research study which are connectedness, accessibility, and openness. The study concentrated on Peninsular Malaysia because the respondents were easily accessible. This study took a quantitative approach, collecting a sample of 384 respondents in Peninsular Malaysia by questionnaire. The data was examined using descriptive statistics, Pearson correlation, and multiple linear regressions. According to the conclusions of the data study, all three determinants have a positive relationship with selling decisions on TikTok. In short, several recommendations were made, including broadening the research setting, focusing on different social media platforms, and employing qualitative research methods. This study will aid business owners who specialize in social media since it will provide them a better knowledge of which variables they should focus on when it comes to TikTok.

Keywords: TikTok, Business platform, Selling decision, Business owners

ABSTRAK

Tujuan kajian ini adalah untuk menentukan kesedaran TikTok sebagai platform perniagaan dari segi keputusan penjualan. Selepas pandemik covid 19, kajian media sosial mengenai perniagaan dalam talian telah menjadi salah satu topik penyelidikan utama. Walau bagaimanapun, masih terdapat jurang dalam platform media sosial TikTok di Malaysia, dan kebanyakan penyelidikan kurang tertumpu pada TikTok sebagai platform perniagaan untuk menjual produk dan perkhidmatan. Tambahan pula, TikTok ialah platform media sosial yang berpotensi yang semakin meningkat, dengan pelbagai idea perniagaan kecil yang menarik tersedia untuk membantu perniagaan berkembang. Justeru, kajian ini dijalankan untuk menyiasat faktor penggunaan TikTok sebagai platform perniagaan ke arah keputusan penjualan. Terdapat tiga pembolehubah bebas yang telah ditentukan dalam kajian penyelidikan ini iaitu keterkaitan, kebolehcapaian dan keterbukaan. Kajian tertumpu di Semenanjung Malaysia kerana responden mudah dihubungi. Kajian ini mengambil pendekatan kuantitatif iaitu mengumpul sampel sebanyak 384 responden di Semenanjung Malaysia melalui soal selidik. Data telah diperiksa menggunakan statistik deskriptif, korelasi Pearson, dan regresi linear berganda. Menurut kesimpulan kajian data, ketiga-tiga penentu mempunyai hubungan positif dengan keputusan penjualan di TikTok. Ringkasnya, beberapa cadangan telah dibuat, termasuk meluaskan tetapan penyelidikan, memfokuskan pada platform media sosial yang berbeza, dan menggunakan kaedah penyelidikan kualitatif. Kajian ini akan membantu pemilik perniagaan yang pakar dalam media sosial kerana ia akan memberikan mereka pengetahuan yang lebih baik tentang pembolehubah yang harus mereka fokuskan apabila ia berkaitan dengan TikTok.

Kata Kunci: TikTok, Platform Perniagaan, Keputusan Penjualan, Pemilik perniagaan

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS AND SYMBOLS

MSD = Media System Dependent Theory

SPSS = Statistical Package for the Social Science

H_0 = Null Hypothesis

H_1 = Alternative Hypothesis

LIST OF EQUATION

LIST OF APPENDICES

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Since the early 2000s, when digitization revolutionized the whole commercial landscape, the entrepreneurial world has evolved dramatically. Early study on the effects of digitalization on entrepreneurship stated that the competition logic, opportunities, processes, and outcomes of new business ventures were entirely different from prior years. The Covid-19 pandemic, which has taken over most countries, has radically impacted entrepreneurial finance (Howell, Lerner, Nanda & Townsend, 2020). Building business concepts on digital platforms began to emerge as a new business model in the digital era because of these changes. As a result, numerous studies have been undertaken to characterize the new business model, as well as to investigate the key elements of platform evolution and the methods platform startups can use to accelerate their growth (Wang, R. 2020). According to Mejri (2018), it is demonstrated that the use of pertinent information in businesses boosts product output, fosters innovation and a proactive market orientation of goods, and promotes the sustainable development of businesses.

According to (Mou, 2020), social media is defined as "a collection of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and enable the creation and exchange of user-generated content." Additionally, (Aichner, et al., 2021) stated the phrase "social media" (SM) was first used in 1994 on Matisse, an online media environment with a Tokyo base. Social media has changed the way people all

communicate on the internet. Social media enables many people reach a consensus with others online, driving innovation seem much more sociable. There are approximately 4.5 billion social media users worldwide. (Social Media Definition, n.d.) The most popular platforms seem to be Facebook, Instagram, Twitter, YouTube, and TikTok. To assist smaller businesses in surviving the coronavirus pandemic, social platforms have introduced solutions. For example, Facebook has introduced Shops, a new tool that allows sellers to exhibit and sell their products. Meanwhile, Instagram has added a new option to assist small businesses in generating sales, using gift cards. Thereafter, YouTube even introduced its "Video Builder Tool," which enables small businesses to produce video content without spending any money (Gilliland, 2020). The primary emphasis of this study is TikTok, a social media platform.

Mullery (2021) highlighted TikTok as another video-making app that rose to prominence during historic eras. The TikTok short video app, originally known as Musical.ly, is a mobile video sharing and making tool that has gained popularity among youthful viewers all over the world (Bresnick, 2019). In Beijing, China, a business called ByteDance established TikTok. Since ByteDance had an app called "Douyin" for the Chinese market, the business decided to launch TikTok for the global market in 2017. (Mou, 2020) also mentioned marketing professionals utilize TikTok as well as Instagram, two among the most widely known and evolving social media platforms, to engage and interact with their intended audience. Social media allows for various channels of communication, not only between a merchant and a buyer, but also between customers and the wider public about products. As a result, businesses can use information about their products or services to respond to customers' requirements quickly and effectively (Tripopsakul, S. 2018). According to (Pre, D. M.V. et al., 2022), social media tools have become an essential component in advertising products, contributing significantly to the creation of numerous innovations. Using social media has given online businesses new ways to manage their customers performance in relation to their brand and interaction with customers via social media platforms.

Working with an influencer is a terrific method to battle the fact that many business owners do not know where to begin when it comes to developing TikTok content (Jeffries,

2020). Businesses can save money on rent, publicity, advertising, and other fees, while TikTok gives merchants with self-service advertising options. As a result of this application, an increasing number of businesses are selling through TikTok (TikTok algorithm for, 2020). As a result, the site is gaining 250 million unique users per day, with up to 500 million people active each month. This is due to the fact that this application gives a big number of customers to merchants.

Even though academics have advanced several theoretical discussions regarding social media, such as consumer purchase intentions, consumer satisfaction with online shopping, and consumer buying intentions, there is a lack of concrete evidence to support the use of social media as a business platform for selling decisions. As a result, the purpose of this research is to identify the factors that influence selling decisions when using TikTok as a business platform. (Wang, R. 2020).

Based on the information presented above, the researcher believes that it is worthwhile to research more about the factors affecting the decision to use TikTok as a business platform for selling. As a result of investigating TikTok's business processes, it is envisaged that fresh information of how a platform business has been managed to grow will be gained.

1.2 PROBLEM STATEMENT

The study of factors of utilizing TikTok for businesses has become one of the major current research issues since there is still a gap on the aspects of using TikTok as a business platform towards selling decision in Malaysia (Shirley. N 2017). Also, most of studies are less likely focusing on selling decision in TikTok. However, TikTok is about more than just amusing memes and lip-sync videos. Recently, a lot of businesses have realized the enormous potential TikTok has for product promotion and sales. Additionally, it was demonstrated that TikTok does have a substantial impact on reaching its target audience successfully by doing business on TikTok (Azpeitia, 2021).

However, even if an Asian nation like Malaysia has continued its business practices, the study using TikTok as a platform for sales objectives is still surprisingly

underrepresented. Shirly. N. (2017), who states that The Statistic Portal 2015 demonstrates that a low percentage of online consumers are eager to broadcast their online purchasing and using experiences through social media platforms, can be used to support this claim. Only 29% of buyers shared their purchasing experiences on social media, while 16% of buyers submitted comments or ratings, and 49% of online consumers did nothing after making a purchase. This research further challenges Kaur's theories, as a 2014 study's results revealed that just 15% of respondents always shared their post-purchase experiences, 18% did so frequently, and the remainder never share their experience in social media. This demonstrates that selling and gaining sales on TikTok are both difficult processes. Additionally, Wang. R (2022) stated there have been few case studies undertaken to investigate the processes of running a platform business.

Most of the research targeted respondents were students, small and medium-sized businesses, or social media users. This assertion is substantiated by research from Nair, R.K., et al 2022, who used 100 samples of data from Universiti Sains Malaysia students. (Sharabati, A.-A.A., et al 2022) concentrated on TikTok user satisfaction, whereas (Luthen, M. D., & Soelaiman, L. 2022, April) focused on SMEs' performance with TikTok Social-Media as a mediating variable. As a result, the purpose of this study is to identify the factors of using TikTok as a business platform towards selling decisions, where it provides insights and great exposure to TikTok sellers in order for them to successfully conduct their business, as well as to identify the most important variables among connectedness, accessibility, and openness that contribute greatly to selling decisions in TikTok.

After a thorough study of prior research (Shirly, N. 2017) who explored connectedness, accessibility, and openness, this study determined the factors of using TikTok as a business platform towards selling decision. This TikTok is a social networking platform that encourages users to share their knowledge or experience, which results in increased sales for business owners. Therefore, this study concentrated on how the aforementioned factors influence business owners' intentions to sell via social media TikTok.

1.3 RESEARCH QUESTIONS

The research question asked in this study as follow:

i.   How has the TikTok platform helped business owners in making better selling decisions?

ii.   What are the factors that influence the usage of TikTok as business platform towards selling decision?

iii.   Which factor is the best fit for business owner to use TikTok as business platform towards selling decision?

1.4 RESEARCH OBJECTIVES

This study intended to achieve the three core objectives:

i.   To investigate the ways of TikTok platform help business owners in making better selling decisions.

ii.   To examine the factors that influence the usage of TikTok as business platform towards selling decision.

iii.   To analyze the best fit factor for business owner to use TikTok as business platform towards selling decision.

1.5 SCOPE, LIMITATION AND KEY ASSUMPTIONS OF THE PROJECT

The study focused on one particular social medium, TikTok, to achieve research objectives. The study was carried out to evaluate if it is profitable to establish a business by selling on TikTok. Therefore, the research focused on the ways of TikTok platform help business owners in making better selling decisions, as well as the factors that influence the use of TikTok for creating businesses, such as connectedness, accessibility, and openness, also the best fit factor for business owner to use TikTok as business platform towards selling decision.

There are certain limitations in this study. The geographical factor are the study's limitations. This research concentrated on online business owners or sellers who use the TikTok platform because they primarily use it for conducting business.

Furthermore, time constraints are a limitation of this research. The amount of time allotted for the research to conduct the survey and gather data is insufficient. Since there's only been a few studies conducted on online business owners that utilize TikTok for selling purposes, the research is also constrained by a lack of evidence.

1.6 IMPORTANCE OF THE STUDY

This research is crucial to identify the determinants that affect the use of TikTok as a business platform for selling in Asian nations, particularly Malaysia. The factors that influence the use of TikTok as business platform were identified throughout the study, and the researcher was able to gather references to help find solutions towards business start-up for online business owners to start an online business using platforms like Tik Tok.

Aside from that, it was noticed a lot of successful businesses on the internet that started off small and developed over time. eventually providing many job opportunities to unemployed people (Rosli et al., 2020). This study also emphasized during the Covid-19 pandemic; small businesses were able to conduct business while also becoming successful using TikTok platform. By establishing the 'Creators Fund,' people were able to commercialize not only themselves, and yet also their products, and to earn financial compensation for their video content. It launched 'small wins,' an educational series of videos featuring various small businesses from around the world, with the goal of supporting small businesses. Many people spent hours scrolling through TikTok, but few began to do online business, or they were small businesses that had been in operation prior to the pandemic and were barely surviving with all quarantine closures. Thus, according to Statista approximately 3.8 majority of small businesses in the United States will have temporarily shut down at one or more locations because of the pandemic by January 2021 (Anastassiadou, 2022).

1.7 STRUCTURE OF THE RESEARCH

Chapter 1 addressed the research history, the statement of difficulties, the research questions, and objectives, along with scope and significance. By summarizing Chapter 1, this study gave an overview.

The independent and dependent variable were discussed in Chapter 2. The literature review related to the research question will be discussed in Chapter 2. Since it is a relatively new adoption, there has not been much academic research performed in the topic of interest. The literature review is divided into sections that first define TikTok as a business platform and then describe the factors of using TikTok as a business platform and TikTok for selling decisions. A proposed framework has been built with several variables, and the study's hypotheses have been proposed. Constructs have three components: connectedness, accessibility, and openness.

In Chapter 3, the research method to be employed in accomplishing the objectives will be discussed in further detail. The researcher then employs quantitative research by numerically collecting data and applying statistical criteria to the measures. Questionnaires will be used for data gathering. Descriptive research was employed in this study, and the researcher surveyed a random sample to discover the factors of using TikTok as a business platform for selling. Data will be obtained using both primary and secondary data. Peninsular Malaysia will be chosen as the research location since it is accessible for respondents. Simple random sampling will also be performed, and a Cronbach Alpha coefficient will be used to measure the alpha coefficient in this study.

In Chapter 4, the researcher analyzed data related to the factors of using TikTok as a business platform for selling in Peninsular Malaysia. All the data was collected to conduct further analyses, which carried out using the statistical package for social sciences (SPSS) version 25. Several data analyses were performed, including pilot test analysis results,