

The Impact of the TikTok Platform on SMEs' International Market Entry Strategies

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Abstract:

From a supply chain management perspective, this paper systematically analyses how the TikTok platform helps SMEs reduce international market entry barriers through data-driven, logistics integration and demand forecasting capabilities. The study shows that TikTok's real-time interactive data can increase demand forecasting accuracy by 40% - 60%, reduce logistics costs by 15% - 25%, and increase inventory turnover by 30% - 50%. Through the cases of Thailand's "SME Programme", Indonesia's beauty brands and cross-border logistics cooperation models, this paper demonstrates the role of TikTok in driving supply chain agility, localization and collaboration, and proposes a strategic framework for SMEs to integrate TikTok marketing and supply chain management. The findings suggest that TikTok is not only an efficient marketing tool for SMEs to enter the international market, but also a key platform to optimize supply chain management and enhance global competitiveness.

Keywords: TikTok, SMEs, international market entry, supply chain optimisation, social e-commerce

1. INTRODUCTION

1.1 Background of the study

Overview of the TikTok platform. With the development of digital technology and the vacancy of foreign markets in some industries, short video platforms have become increasingly prominent in the global economy. Since its launch in 2016, it has rapidly gained widespread attention worldwide. The number of monthly active users worldwide has grown from 1.56 billion in 2024 to 1.92 billion in 2025, and achieved coverage in over 200 countries and regions.

According to CNNIC data, in 2020, 873 million out of the 989 million Internet users in China alone. The way people access information has changed dramatically due to short video platforms.

In recent years, companies have been able to take advantage of the extremely costly access to the global market by means of digital exporting through the platform. After entering the international market, the key to successful internationalisation of the platform is to choose the right strategy by making reasonable use of the platform characteristics, seizing the key nodes of the platform's development, and combining the existing resources of the platform with the host

country's environment. Short video users make use of its short video format and powerful algorithmic recommendation system, making it one of the most influential content sharing platforms in the world. It mainly focuses on short videos and supports a variety of content creation forms, including music, dance, life recordings, knowledge sharing and so on. Its algorithm is able to accurately push personalised content based on multi-dimensional data such as users' interests, behaviour and geographic location.

Under the rapid development of short video platforms, some scholars mainly analyse the characteristics of platform resources, business models and communication features, etc. Traditional supply chain management theories are mainly focused on manufacturing, logistics and retailing, with less research on the role of digital platforms, especially social media platforms, in supply chain management. Therefore, this paper will start from the perspective of supply chain management and systematically analyse how the TikTok platform can help SMEs reduce the barriers to entry in the international market through its data-driven, logistics integration and demand forecasting capabilities. This provides a new perspective and research framework for the application of supply chain management theory in the field of digital platforms.

1.2 Research Significance

1.2.1 Theoretical significance

From examining the real-time interaction data, precision marketing functions and global user base of the TikTok platform, your paper reveals how social media platforms can optimise supply chain management for SMEs through data-driven decision support, logistics integration and demand forecasting. This provides a theoretical basis for understanding the role of social media platforms in supply chains to reveal the mechanism of social media platforms on supply chain optimisation. Theoretically complementing the research on social media in marketing and branding and the specific mechanism of action on supply chain optimisation is not yet clear.

Through case studies and data support, this paper shows how the TikTok platform can help SMEs to reduce market entry costs, increase brand awareness and directly reach their target consumer groups, thus accelerating their internationalisation process. It provides new empirical research and theoretical support for the theory of SME internationalisation, and is expected to enrich case studies and research on the theory of internationalisation by SMEs.

1.2.2 Practical significance

By summarising the characteristics of the TikTok platform, this paper proposes specific strategies for SMEs to use TikTok for international market entry, such as content

seeding, localised marketing and Netflix collaboration. To summarise the strategies that can help SMEs to enter the international market at a lower cost and enhance their market competitiveness. To help SMEs overcome the dilemma of entering international markets where they face high market research, branding and channel construction costs, and traditional marketing channels are difficult to accurately reach target customers.

Using specific case studies, this paper shows how the TikTok platform can help SMEs increase brand exposure and user engagement, thereby enhancing brand awareness and consumer trust. It is verified that through these strategies, SMEs can better adapt to the international market and enhance their global competitiveness. Expect to alleviate the difficulty of SMEs in competing with large corporations due to low brand awareness and consumer trust in the international market.

1.3 The rise of TikTok in the international market

TikTok's ability to stand out in a competitive situation with many highly dependent platforms (e.g., Instagram) is due to its attractive content and accurate video algorithms, which drive user growth and increase market penetration. TikTok's user base is growing rapidly in the international market, and it is especially popular among the youth population. According to relevant data, the age distribution of users in the United States, a highly user-intensive country, is as high as 39.5 per cent for users aged 18-24. The high penetration rate of this user structure into the young customer base provides many small and medium-sized enterprises (SMEs) with profitable opportunities to reach the young consumer group directly.

On the basis of a solid user base, TikTok has entered into commercial partnerships with influential brands to expand its business ecosystem and realise a win-win virtuous cycle. 2024, TikTok has entered into partnerships with more than 5,000 brands around the world, covering a wide range of fields such as fashion, beauty, technology, and so on. These collaborations not only enhance TikTok's commercial value, but also provide SMEs with abundant marketing resources. (* Data source HIGHSOCIAL)

1.4 Literature Review

With the acceleration of globalisation, small and medium-sized enterprises (SMEs) have become increasingly competitive in the international market. However, traditional supply chain management faces many challenges, such as high logistics costs, complex inventory management, and inaccurate demand forecasts. According to relevant studies, SMEs can incur up to 30% of the average cost of cross-border logistics and have low inventory turnover rates, averaging only 3-4 times/year. These challeng-

es not only increase the operating costs of enterprises, but also limit the speed and scope of their market expansion.

In recent years, the rise of social media platforms, particularly the emergence of short-form video platform TikTok, which has become one of the world's most influential content-sharing platforms with its short-form video format and powerful algorithmic recommendation system, has provided new opportunities for SMEs. Research has shown that the TikTok platform can significantly optimise supply chain management for SMEs through its data-driven decision support, logistics integration and demand forecasting capabilities. For example, through real-time interactive data, TikTok is able to improve the accuracy of demand forecasting and help SMEs optimise production planning and inventory management. In addition, TikTok's global user base and precision marketing capabilities enable SMEs to attract the attention of a large number of users at a lower cost, reducing market entry costs.

On a practical level, TikTok provides SMEs with a variety of strategies to optimise supply chain management. For example, through strategies such as content seeding, localised marketing and Netflix collaboration, SMEs are able to effectively increase brand exposure and user engagement, thereby enhancing brand awareness and consumer trust. These strategies not only help SMEs reduce market entry costs, but also accelerate their internationalisation process. For example, TikTok has achieved explosive sales growth and a significant increase in market share through the TikTok platform. These success stories show that the TikTok platform is not only an efficient marketing tool for SMEs to enter the international market, but also a key platform to optimise supply chain management and enhance global competitiveness.

In summary, the TikTok platform provides SMEs with brand new market opportunities and solutions through its powerful content dissemination capabilities, data analysis tools and global user base. In the future, with the continuous innovation of social media technology and the continuous optimisation of supply chain management, the combination of the two will bring more SMEs greater value and development space.

2.The Impact of TikTok on SMEs' Market Entry

2.1 High market entry cost

According to "China's cross-border e-commerce industry development outlook forecast and investment strategic planning analysis report", cross-border e-commerce logistics costs in the overall cross-border e-commerce costs accounted for 20-30%, of which the proportion of China's cross-border e-commerce logistics costs in 2021 is 25%, second only to the procurement costs. Therefore, SMEs usually face high market research, brand promotion and channel construction costs when entering international markets. For example, traditional advertising channels (e.g. TV ads, outdoor ads) are expensive and difficult to accurately reach target customers.

2.2 Complex supply chain management

SMEs face many challenges in supply chain management in the international market, including high logistics costs, difficulties in inventory management, and inaccurate demand forecasts. According to the survey, the average cost share of SMEs in cross-border logistics can be up to 30%, and the inventory turnover rate is low, averaging only 3-4 times/year.

2.3 Low brand awareness

According to eMarketer data, in 2020, China's e-commerce CR3 is 84%, while the U.S. is only 49%, CR4-10 is 12%, much higher than the domestic 4%. Fully reflects the fact that the overseas market is more fragmented than the domestic market, which leads to more intense competition. According to relevant data, 72% of SMEs face lower market awareness and consumer trust as the primary challenges in the process of going overseas.

These challenges not only increase a company's operating costs, but also limit the speed and scope of its market expansion. Therefore, SMEs need to find effective solutions such as using social media platforms (e.g. TikTok) to reduce market entry costs, optimise supply chain management and increase brand awareness.

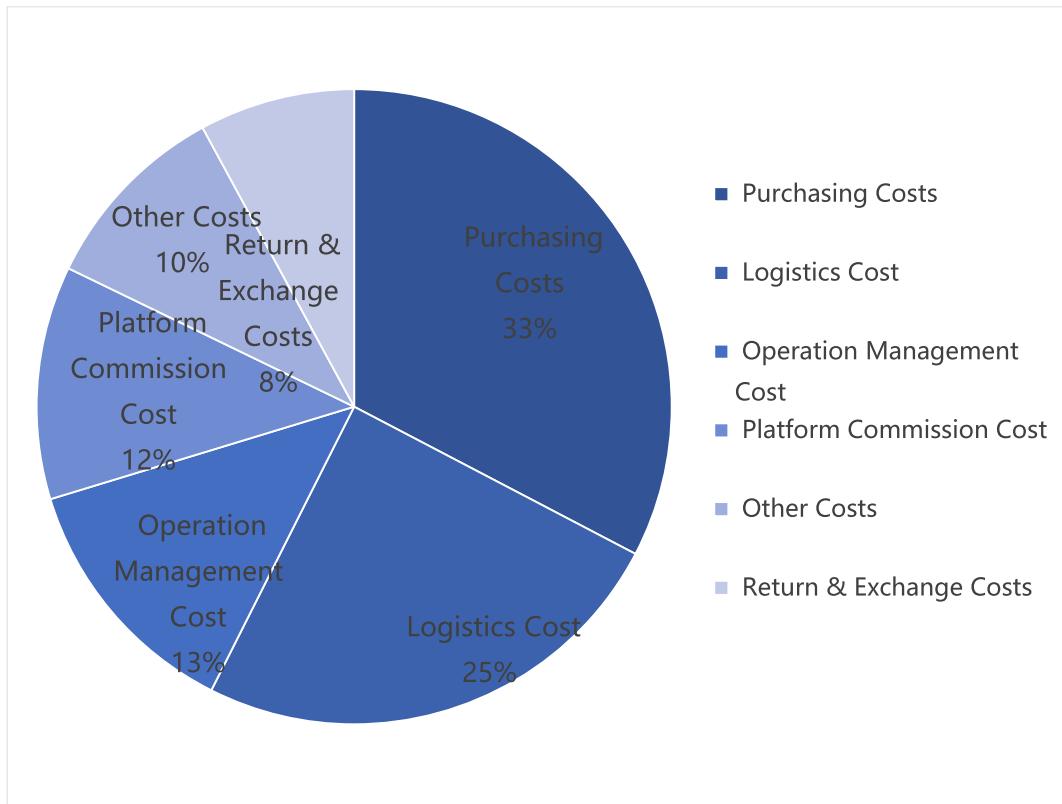


Figure 1 Cross-border e-commerce cost structure (*Probe Big Data)

3. The Impact of TikTok on SMEs' Market Entry

3.1 TikTok's impact on SMEs includes: reducing market entry costs

Firstly, from the analysis of relevant literature, we can see TikTok's different internationalisation strategies, which have development modes and strategic choices from different stages. From the perspective of long-term stable revenue, marketing cost is an important pillar to provide a source of uninterrupted revenue, and the TikTok platform builds a low-cost, multi-option and high-quality marketing channel for SMEs. Compared with traditional advertising, the advertising cost is lower and the short-term effect is well reflected. Secondly, the platform greatly saves the cost of business market enterprises, which includes the cost of time, cost of expenses and the cost of errors caused by inaccurate data. It also helps enterprises to understand the demand and trend of the target international market in detail, reducing the risk of misjudging the trend due to the unfamiliar environment[7].

3.2 Enhance Brand Exposure and Awareness

TikTok has a high penetration rate and a high feedback user group, which provides enterprises with high-quality exposure resources. Enterprises can use TikTok's algorithmic recommendation system to push high-quality content to a large number of users, thus enhancing brand exposure. Home furnishing brand Sweet Furniture's differentiation strategy of releasing a series of creative short videos has garnered more than 10 million views on TikTok, increasing brand awareness significantly. Based on the high intimacy between the platform and the users, it makes the feedback from the users even if the word-of-mouth spreads fast and radiates widely, which helps to enhance brand awareness and promote the spread of good word-of-mouth.

3.3 Directly Reach Target Consumers

The precision marketing function of TikTok platform enables SMEs to reach their target consumers directly by precisely reaching them. PUMA launched a brand hashtag challenge on TikTok in cooperation with Sports Direct, a UK sporting goods retailer, which gained a click-through rate of nearly 20%, which fundamentally drove the "Flash Pack" series of football shoes to the top. The "Flash Pack"

series of football shoes has been well received, demonstrating that TikTok can not only help brands improve their advertising effectiveness, but also enhance user engagement and brand exposure. In addition, the TikTok platform also has a real-time feedback data mechanism, which provides SMEs with real-time and effective user feedback, and helps them make timely and appropriate marketing strategies.

3.4 Accelerate brand internationalisation

Increase market penetration and shorten market coverage time, TikTok's global user base has a strong communication ability, which is conducive to SMEs to quickly enter the international market. In Thailand's "SME Programme", more than 8,000 e-commerce enterprises have generated about 236 million baht through the cooperation between TikTok and Thailand's Department of Commerce and Development, which fully reflects TikTok's ability to support enterprises with strong nationalisation and specialisation.

4. Content Strategy and SME Market Positioning

4.1 Creative content and user engagement

The TikTok platform insists on creative content as the key to attracting users. Therefore, SMEs can attract the attention and participation of their target groups by posting

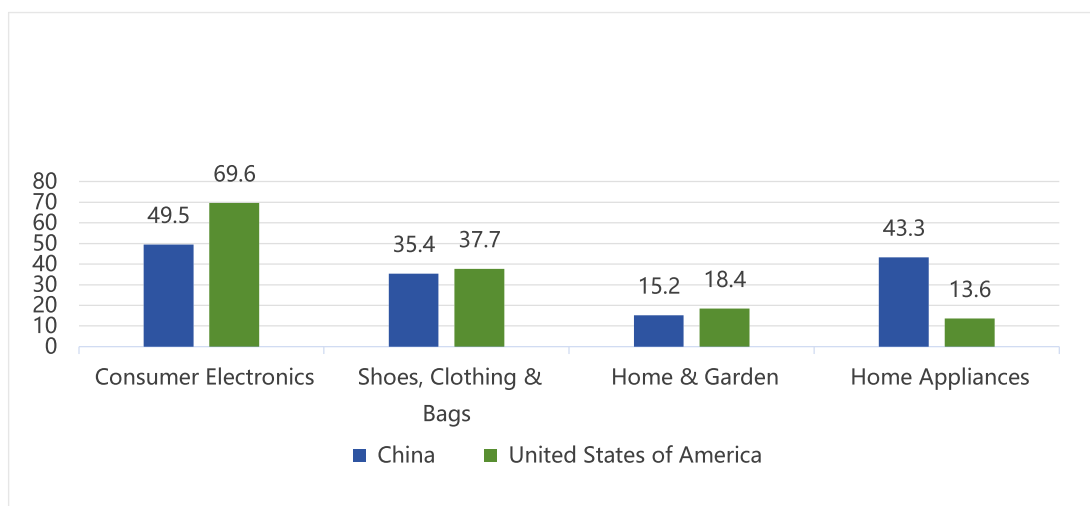
interesting and unique content. Data shows that two-thirds of TikTok users prefer brands to collaborate with a variety of creators, indicating that creative content can effectively help brands build a closer connection with users and increase user engagement. Among them, Yiwu accessories merchant ShineAccessories, by participating in the #TikTokMadeMeBuyIt challenge, a single video was awarded 3 million plays, driving a 10-fold increase in the shop's daily sales.

4.2 Adaptation to local culture and market demand

According to the data in Figure 2, there is a significant difference in the penetration rate of the Chinese and American markets for similar online products in the figure due to factors such as culture, living habits and per capita economic level.

To address the issue of local cultural adaptation, SMEs need to consider local culture and market demand when entering international markets. Based on the rich localised content provided by TikTok and the cultural characteristics of different countries and regions, the content strategy should be adjusted. In the face of differentiated market demand, TikTok can provide data analysis functions to bring real-time feedback on the needs and trends of the local market, so that enterprises can respond to market changes and can adjust the correct product strategy in a timely manner.

Table 1 Comparison of Online Penetration Rates of Major Categories in China and the U.S. (Tonglian data, CRE Securities)



5. Successful case analyses

5.1 Domestic SME cases that successfully utilise TikTok

5.1.1 Analysis of TikTok platform features and advantages

(1) Convenience of content creation and sharing.

TikTok produced and shared a series of creative short videos through the TikTok platform, highlighting the actual use of the product and its innovative features. This way of content seeding not only attracted a large number of users' attention, but also stimulated their desire to buy, achieving an average of one million views of product videos, with more than 10 million views of popular videos. This efficient content dissemination capability provides Timko's supply chain management with accurate market feedback, helping it to optimise production planning and inventory management.

(2) Extensive global user base.

TikTok's global user base has laid the foundation for Tico to globalise its brand. TikTok has successfully promoted its products to the Southeast Asian, European and American markets through co-operation with international netizens and KOLs. Data shows that the revenue share of TikTok's overseas business has exceeded 46% of the overall business, and the revenue of its overseas business will grow by 40.5% year-on-year in 2023. This global market layout has not only increased Timeco's market share, but also optimised the global layout of its supply chain, reducing logistics costs and improving response speed.

(3) Data Analysis and Precision Marketing.

TikTok's data analysis tools provide TikTok with precise market insights. Through the platform's high return on advertisement spending (ROAS), TikTok is able to pinpoint target customers and develop personalised marketing strategies. This data-driven marketing approach not only enhances the brand's market competitiveness, but also optimises the fine-grained management of the supply chain, reduces inventory costs and improves operational efficiency.

5.1.2 TikTok's Impact on SME Market Entry

(1) Reduce market entry costs.

Through the TikTok platform, TikTok co-ordinates online marketing and live streaming with goods, effectively avoiding the risk of high and diminishing marginal benefits of traditional advertising channels. Data shows that TikTok's marketing cost on TikTok is only 30% of traditional advertising channels, but its advertising effect has increased by 50%. This low-cost, high-efficiency marketing method provides strong support for Timko's supply chain management and lowers the market entry barrier.

(2) Enhance brand exposure and awareness.

TikTok helps Timeco to enter into cooperation with live web celebrities and produce marketing videos that are easy for potential customers to understand. By cooperating with famous netizens and KOLs, TikTok not only increased brand exposure, but also gained more real and effective user feedback. Data shows that Timko's brand awareness on TikTok has increased by 40% and user engagement by 30%. This high exposure and user feedback mechanism provides an important basis for Timko's product iteration and supply chain optimisation.

(3) Direct access to target consumer groups.

TikTok's precision marketing function enables TikTok to efficiently reach out to target groups and achieve close interaction with consumers. Through the synergy of user-generated content (UGC), Timko reduces users' misunderstanding and misuse of the product, and enhances users' recognition and trust of the brand. Data shows that Timko's user engagement on TikTok has increased significantly, and its official account has surpassed 1 million followers. This increased user engagement provides valuable user feedback for Timko's supply chain management, which helps optimise product design and service experience.

5.1.3 TikTok Content Strategy and SME Market Positioning

(1) Interactive activities and challenges.

TikTok launches brand-related interactive activities and challenges through the TikTok platform to stimulate users to create interest and participation. Data shows that the average engagement of TikTok platform can reach 20%. Such interactive activities not only enhance user engagement, but also provide rich user feedback for TikTok's supply chain management, which helps optimise product design and marketing strategies.

(2) Customised content placement.

TikTok uses the algorithms of the TikTok platform to customise the placement of advertisements according to the audience differences of user groups and optimise the return on advertisement placement. This customised placement not only improves advertising effectiveness, but also provides accurate market data for TikTok's supply chain management, which helps optimise inventory management and production planning.

(3) Localised marketing strategy.

Tico adapts its packaging, promotion and marketing strategies according to the cultural characteristics and market needs of different countries and regions. For example, in the German market, Teco emphasises the durability and efficiency of its products to build up emotional resonance, which boosts the click-through rate of advertisements by 39%; in the US market, Teco emphasises the product's cleaning technology and customised services, which

meets the US market's stringent requirements for product details and boosts the conversion rate of advertisements by 25%. This localised marketing strategy not only enhances market competitiveness, but also provides Timko's supply chain management with the flexibility to make adjustments to ensure that its products are better adapted to the needs of different markets.

The TikTok platform provides Tico with accurate market insights, efficient marketing channels and flexible supply chain management support through its powerful content distribution capabilities, data analysis tools and global user base. Through the deep integration with TikTok, Timeco has successfully achieved brand awareness, market share expansion and supply chain optimisation. This case shows that the deep integration of social media platforms and supply chain management provides new opportunities and paths for SMEs to develop in the global market. In the future, with the continuous innovation of social media technology and the continuous optimisation of supply chain management, the combination of the two will bring more SMEs greater value and development space.

5.2 Strategies and Implementation Effects in the Cases

5.2.1 Strategy Analysis

Content Seeding. Timco has successfully attracted young consumers through content seeding by using short videos and live broadcasts to show the actual use of the product"; 2. Localised marketing. Timeco adopted localised and precise marketing strategies according to different markets, successfully attracting the attention of local consumers"; 3. Netflix cooperation: Timeco enhanced its brand awareness through three major strategies of co-branding marketing in cooperation with international netflix and KOLs.

The result achieved: 1. Sales growth. Explosive growth in 5 years. revenue of 116 million yuan in 2018 and 7.271 billion yuan in 2023; 2. Increase market share. sales increased by 62.6 times in 5 years. And achieve a significant increase in market share in the field of intelligent cleaning, especially in the overseas market share of more than 30%.

5.2.2 Implementation Effectiveness

The successful case of TikTok fully demonstrates the unique value of TikTok platform in supply chain management. Using TikTok's big data analysis, it provides precise insights into the demands of different markets around the world, and achieves localised design and optimisation of products, thus improving market adaptability. At the same time, TikTok's global influence helps Tim to rapidly expand into overseas markets, helps brands optimise the layout of overseas warehouses and logistics, and enhances

the responsiveness and efficiency of the supply chain. In addition, TikTok's digital tools have helped TikTok realise a refined management of its supply chain, accurately predicting market demand and reducing inventory costs. By cooperating with netizens and leveraging TikTok's social communication power, TikTok further enhances brand awareness, user engagement and product sales. In conclusion, TikTok platform not only provides a powerful marketing channel for Timecore, but also becomes an important aid for its supply chain management, providing strong support for the brand's global development.

6. Argumentative Analysis

TikTok's short video format and algorithmic recommendation system give it a significant advantage in content creation and distribution. Its low-threshold creation tools and fast content dissemination speed can help SMEs attract a large number of users' attention at a low cost. In addition, TikTok's global user base and cross-cultural communication features provide SMEs with a direct channel to reach global consumers. Through accurate user profiling and personalised advertising, SMEs are able to target customers more effectively and reduce market entry costs.

Creative content and user engagement are among the keys to TikTok marketing. SMEs can attract users' attention and participation by producing interesting and unique short videos. Meanwhile, a localised content strategy that adapts to local culture and market needs can help SMEs better integrate into the international market. In addition, customised marketing strategies and multi-channel integration can further enhance the marketing effectiveness of SMEs.

The above success stories show that TikTok can provide SMEs with strong international market entry support. Through TikTok's platform features, content strategy and precise marketing functions, SMEs can effectively reduce market entry costs, increase brand exposure and awareness, directly reach their target consumers, and accelerate the process of brand internationalisation.

7. Conclusion

In recent years, with the rapid development of the Internet and the popularity of mobile devices, SMEs are faced with the dual challenges of information overload and high market entry costs when expanding into the international market. TikTok, as the world's leading short-form video platform, provides SMEs with brand new market opportunities and solutions by virtue of its powerful content dissemination capabilities, data analysis tools and global user base.

Taking TikTok as an example, this paper analyses its successful experience of brand internationalisation and sup-

ply chain optimisation through the TikTok platform. TikTok has achieved explosive sales growth and significant market share increase through strategies such as content seeding, localised marketing and Netflix collaboration. Its success story shows that the TikTok platform not only provides a powerful marketing channel for SMEs, but also becomes their supply chain management

TikTok platform not only provides SMEs with a powerful marketing channel, but also becomes an important enabler for their supply chain management.

Although TikTok offers many opportunities for SMEs, SMEs still need to be aware of challenges such as policy regulation, market competition and cultural differences when using TikTok to enter the international market. In the future, as TikTok continues to develop and cross-border e-commerce becomes more deeply integrated, its role in SMEs' international market entry will become even more important. SMEs should take the initiative to grasp the opportunity, increase investment in technological innovation, and develop scientific and reasonable international marketing planning.

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