

Analysis of the Effectiveness of the Content Filter Algorithm in the Tiktok Shop Application for UMKM

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ABSTRACT

With the rapid development of the TikTok social media application, especially on the e-commerce platform, often called the TikTok shop, which is the public's choice for shopping online, it is important to understand how the content filter algorithm can influence the visibility and success of UMKM on this platform. TikTok Shop itself has become a hot topic of conversation among the public, which is a hot topic and is the target market for e-commerce platforms. The high volume of content uploaded every day is a new challenge that arises to ensure that the content presented is in line with UMKM brand standards and values. This also aims to show that the content filter algorithm in TikTok Shop has a significant role in helping UMKM maintain products as well as to avoid inappropriate content. It has been found that several UMKM face obstacles in understanding the policies and procedures set by the TikTok Shop algorithm, as well as difficulties in optimizing content visibility. Therefore, researchers are interested in conducting an analysis regarding the effectiveness of the content filter algorithm in the TikTok Shop application on Micro, Small and Medium Enterprises (UMKM)

Keyword : Algoritma; Tiktok shop; Efektivitas; Umkm; E-commerce

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1. INTRODUCTION

In this digital era, social media platforms are not just communication tools. Nearly every aspect of life has been facilitated by technology and the internet, resulting in a significant shift in consumer shopping patterns. Social media platforms are now an important channel for marketing and sales. Online shopping is something that is very familiar among the public, where people who want to buy goods are now turning to e-commerce. One application that provides e-commerce features is Tiktok, which we usually call Tiktok Shop.

The growth of the TikTok Shop business which relies on marketing via the TikTok platform has become an interesting phenomenon in e-commerce. According to TikTok internal parties, the Southeast Asian market, especially Indonesia, is the market that the company relies on to achieve its TikTok Shop sales target. TikTok has a system which is usually called an algorithm. The TikTok algorithm plays an important role in determining the content displayed to users. This algorithm takes into account various factors such as user preferences, previous interactions, content popularity and other factors. As a TikTok Shop business owner, having creative content in marketing products can influence the interest of potential buyers. Apart from that, the content presented can be creative, subjective, interesting, and give a new impression of the object being addressed

Tiktok shop has a wide market reach, many and varied active users. By utilizing TikTok Shop, UMKM can reach more potential consumers, not only at the local level, but also at the national and international level. The Tiktokshop platform can interact directly with consumers through comments and live streaming features, this provides a great opportunity for UMKM to establish close connections with customers in real-time.

2. RESEARCH METHOD

This research uses a literature review research method. This research data was obtained from collecting data by conducting data search research, obtaining data, reading and evaluating data about TikTok shop content for Micro, Small and Medium Enterprises (UMKM) with different backgrounds as informants and observing their interactions in social media. The purpose of the literature review is to understand the development of TikTok shops which can help UMKM increase sales and expand their markets.

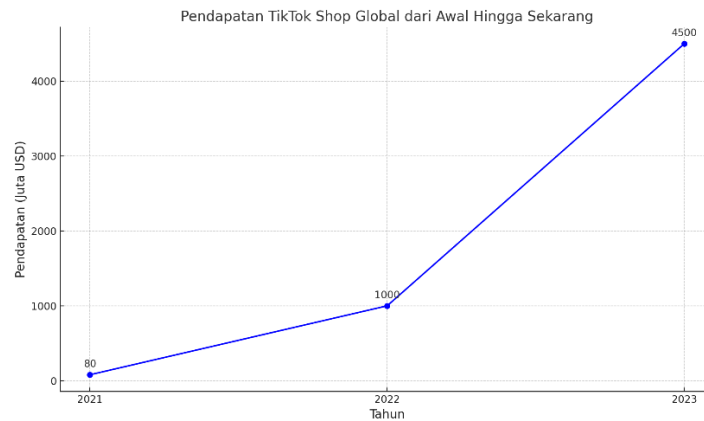


Fig 1. Research Methode

a. In 2021 (October-December)

- **Estimated Revenue:** Approximately \$80 million
- **Explanation:** In 2021, even in just a few months since its launch, TikTok Shop managed to generate around \$80 million USD in revenue. This shows very positive reception from users and marks a strong start for this new e-commerce feature. This initial success was driven by effective marketing strategies, seamless integration with video content, and leveraging the popularity of the TikTok platform itself

b. In 2022

- **Estimated Revenue:** Approximately \$1 billion
- **Explanation:** In 2022, TikTok Shop managed to drastically increase its revenue to around \$1 billion USD. This growth was caused by the COVID-19 pandemic which continues to encourage a market shift to online shopping. Tiktok shop is taking advantage of this trend well as many consumers are turning to e-commerce platforms for their shopping needs.

c. In 2023

- **Estimated Revenue:** Approximately \$4.5 billion
- **Explanation:** In 2023, TikTok Shop continues to show tremendous growth with revenues expected to reach approximately \$4.5 billion USD. This represents an almost fourfold increase compared to the previous year, indicating TikTok Shop's success in expanding and deepening its footprint in the global e-commerce market. TikTok continues to innovate with new technology to improve the shopping experience with the increasingly popular live shopping feature, where sellers can interact directly with buyers during live sessions. This not only increases engagement but also encourages impulse purchases during live sessions.

3. RESULTS AND DISCUSSION

A. The Role of E-commerce in UMKM in Indonesia

E-commerce is the process of buying and selling both goods and services via the internet or digital platforms. Buyers and sellers can carry out virtual transactions, such as buyers can view products, make purchases, and make payments online and can be done anywhere without a physical meeting between the seller and the buyer. This convenience offers benefits for sellers and consumers. Business owners have the opportunity to study product prices available on international markets, while buyers have the advantage of comparing prices between stores on e-commerce and social media. Advances in information and communication technology have experienced rapid growth, with the number of internet users reaching 212.9 million by early 2023

The development of e-commerce cannot be separated from the role of digital marketing which is key in promoting products and services in the digital era. Digital marketing in Indonesia has shown significant development, with various marketing strategies that are innovative and flexible to the latest trends. With the presence of Tiktokshop, UMKM must pay attention to the importance of their marketing system as a means of promoting their products so that they are more popular with the public. TikTok Shop has had a significant impact on UMKM in Indonesia, by providing access to a wider market and enabling direct interaction between sellers and buyers. However, the closure of the TikTok Shop in Indonesia in October 2023 has created various new challenges for UMKM, including loss of access to a wide market and a decline in sales levels

B. Umkm Business Strategy in Development and Marketing on the Tiktok Shop Application

The development of marketing and sales of UMKM (Micro, Small and Medium Enterprises) products has experienced a significant transformation in line with technological developments and changes in consumer behavior. Many UMKM are turning to e-commerce platforms to sell their products online. This allows them to reach a wider market without being limited by physical location, and makes it easy for consumers to buy products anytime and anywhere. In this digital era, social media is not only used to interact with consumers, but also as an effective marketing tool. UMKM can take advantage of e-commerce platforms, one of which is TikTok Shop, to promote their products, build brand awareness, and interact directly with users.

TikTokShop allows UMKM to promote their products through videos and display the products in detail so that they can help strengthen the visual impression of their products and brands. TikTok can also allow users or small businesses to link their products directly into their videos, or what is also known as the yellow basket feature. By leveraging the appeal of short TikTok videos, UMKM can reach a wider audience, including segments that may not have been reached through conventional marketing channels. This helps increase the visibility of UMKM brands and products and build better awareness among TikTok users.

4. CONCLUSION

E-commerce is the process of purchasing goods, services and others directly via the Internet without intermediary media. The TikTok Shop application has become a popular platform for people, especially millennials, to shop through the TikTok Shop feature. TikTok Shop provides business information and services such as marketplaces and e-commerce, with affordable prices and attractive promotions. With Tiktokshop's significant role in driving economic growth, this can provide greater access for MSMEs to promote their products to a wider range of users in creative and innovative ways.

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