Data Collection and Usage Differences Between TikTok and Taobao in Marketing

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Abstract: This paper highlights the role of data in pushing information to users by comparing the collection of user data by TIKTOK and Taobao. Data serves users while analyzing their behaviors, which in turn increases the user stickiness of the application. This data collection is widely recognized as a valuable marketing tool. By comparing and analyzing the user privacy agreements of TIKTOK and Taobao, this paper also summarizes the formal uses and purposes of the user data given by the applications. However, in practice, there is still a risk of user privacy violations and privacy breaches, and it is widespread.

Keywords: TikTok; Taobao; Data Collection; Data Marketing; Legal and Ethical

Introduction

Modern life is surrounded by marketing advertisements. People benefit from the convenience of marketing advertising while inadvertently exchanging personal data with marketers.

Different sectors have different functional traits and collect data with various priorities. This report will compare the streaming social media platform, TikTok instance, and the online shopping platform Taobao, discussing the types of data collected by the two different digital platforms and the purposes for which the data is collected. Firstly, the report clarifies the definition of marketing and the role of data in marketing. Secondly, it compares the two platforms: TikTok focuses on collecting data about users' social lives, and the data is used to strengthen user stickiness. Taobao mainly collects consumption and purchase data, and the data is mainly used to create more transactions. Finally, the report will also discuss the ethical and legal issues involved in data collection and usage by platforms.

1. What is marketing?

Marketing has evolved with the times and its definition is dynamic. The American Marketing Association (AMA) updates its definition of marketing every three years, most recently as "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." (American Marketing Association, 2017)

1.1 The role of data in marketing

Data is the "secret weapon" of modern marketing (Arthur, 2013), which can help companies gain insight into customer needs from marketing data, identify and solve marketing problems in advance, and provide a better-personalized service for customers. (V, et al., 2013)

1.2 Types of data in marketing

With the wave of social media driven by Internet technology, marketers can have data that can be categorized as: structured data, unstructured data, semi-structured data. Data such as phone numbers, email addresses, billing addresses etc.,

which are easier to store and analyse, are called structured data (Chi, 2020). Examples of unstructured data are social media comments, videos, pictures, and audio. A mix of structured and unstructured data is called semi-structured data. Email is a classic example. The content of an email is unstructured, but the names and email addresses of the sender and recipient, the time of sending, etc. are structured data. (Marr, 2020)

2. TikTok

2.1 About TikTok

TikTok, also known as Douyin, is a short-form video-focused social platform launched in China in 2016. It quickly grew overseas and launched an international version, which we now call TikTok (McLachlan, 2022).On September 28, 2018, TikTok announced that the global TikTok community reached 1 billion users (Team, 2021). Currently available in over 150 countries and territories (Doyle, 2022).

Although TikTok is a young App, its user demographic is not only young people under 30 (63% of users) (IQBAL, 2022), it still has a large following among parents and grandparents. There are many reasons why it has taken the world by storm so quickly. One notable reason is that while TikTok provides a platform for users to share their personal lives, it also collects user data, which is then analysed, optimized, processed, and then returned to the TikTok platform to serve users.

2.2 Types of data collected by TikTok

- User-generated content (UGC). Categorized as content data, TikTok is a platform that contains a large amount of user-generated content such as videos, images, audio, and text. (TikTok, 2021)

- User data-which includes IP address, occupation, age, gender, education information, etc. This data is more easily classified, analysed, and organized, and it represents structured data.

- Scene data - This data is used to track changes in users' personal preferences in different scenarios. For example, what types of videos do users prefer to see when they are at work, travelling, or commuting, respectively.

2.3 Usage of data collected by TikTok

According to the Privacy Policy on the official website of TikTok, the user data collected by TikTok will be used for the following main purposes (TikTok, 2021).

- Content personalization. Push customized content to users that align with their habits and preferences.

- Advertising. Based on user clicks, the platform sends advertising pop-ups. Recommends to users advertising content that will be of interest to users.

- Optimize the platform design. Through the platform's interactive features, users can participate in the design of the platform's interactive design, stability, security, and user-friendly interface.

3. Taobao

3.1 About Taobao

Launched in May 2003, Taobao is an online consumer-to-consumer (C2C) platform owned by Alibaba. Taobao's market share in China's online C2C market is as high as 70% (Dahui , et al., 2008). According to Alibaba's H1 2021 financial results, the Monthly Active Users (MAU) of its retail market in China reached 925 million as of March 2021 (Alibaba Group , 2021).

A 2008 study concluded that, in many cases, people are aimless when making purchasing decisions (J. Torres, 2008). Thanks to its sophisticated and efficient marketing data system (Maris G, 2008), Taobao, described by The Economist as "China's largest online marketplace," has built the world's most advanced online advertising system (Optimized Cost per Click in Taobao Display Advertising, 2017). Its powerful recommendation mechanism allows consumers to search for the category they want in the shortest time possible.

3.2 Types of data collected by Taobao

- User swipe gesture data. This data contains the user's daily swipe gesture data, including four basic actions: open page, leave the page, swipe, and tap. Each action records the time when it happens, on which page, and where the action lands on the screen.

- Users click data. This data contains the information that is generated by the user's click on the controller, including the name of the control clicked, the name of the page clicked and the time when the click occurred.

- User Profile Data. This data contains basic user characteristics such as age, gender, and income levels.

3.3 Usage of data collected by Taobao

Taobao clearly states in the Privacy Policy-How We Use Your Information (Taobao, 2015), the data could be used:

- User information will be used for the following purposes: providing better services, fraud detection, backup, providing customized advertising services, developing new services, promotional activities, etc.

- With the user's consent, Taobao will share the user's information with third-party companies or Taobao affiliates, and the user's information will be used to collect feedback from the user, comply with legal regulations, and respond to legal proceedings

4. Legal and ethical issues of data collection and usage

German psychiatrist and philosopher Karl Jaspers once said in his book The Origin and Goal of History "Technology is only a means, in itself it is neither good nor evil, depends upon what man makes of it, for what purpose it serves him, under what conditions he places it" (Karl, 1949). In this sentence, technology can also be replaced by data.

4.1 Issues with disclosure of personal information

Personal activity records are collected from social media profiles (Lipschultz, 2020). While personal data does not equal personal privacy (Nili, 2015), the widespread use of technology has made it more difficult to keep personal data confidential, and the risk of

personal privacy being violated is greater (LaRose, 2006). People are being invaded not only by the leakage of personal privacy but also by the prediction and guidance of people's status and behaviour based on data (KARL-HEINZ, et al., 2020).

In Taobao, for example, a Privacy Statement and Privacy Policy must be signed when applying for a Taobao membership, which mentions that to provide better services, Taobao will extract user profile, log id, location and other characteristics based on "browsing and search records, device information, buying history.

4.2 Issues of illegal collection and use of data

The New York Times (Maheshwari, 2017) has reported that over 250 games developed by using Alphonso monitor sound signals from TV ads and TV programmes using smartphones,

and then link this data to the user's location or the film they are watching, allowing the phone to continue listening even when it is not in use.

Big Data Discriminatory Pricing (BDDP) is an illegal practice in which operators use data to collect information about consumers, analyse their consumption preferences, habits and income levels, and sell the same goods or services to different consumers at different prices to obtain more consumer surplus (Weihua, et al., 2021). BDDP is essentially an illegal business practice to exclude and restrict competition in the market in order to obtain excessive economic benefits (Zixi, et al., 2021). It is reasonable for traders to use differential pricing to make higher profits, but only if they do not deprive consumers of their right to choose (Zijian, et al., 2017).

5. Conclusion

It is clear, therefore, that marketing is being integrated into human life and people are becoming part of the marketing data. Streaming media platforms collect information about the daily life and entertainment of people, and then use this information to delight users to ensure their stickiness. The online shopping platform mainly collects consumption habits information, by using data analysis to predict users' future consumption behaviours and then push more products. Furthermore, while these online platforms have enriched people's lives, however, they have also been known to violate user privacy, collect data illegally, and discriminate in pricing when collecting and using data information. Above all, after discussing the differences and issues in the collection and use of data for marketing in different sectors, potential future studies would focus on addressing these ethical and legal issues, as well as regulating online platforms, protecting user information, and disciplinary measures.

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