

Why are Counterfeit Goods Prevalent on Tik Tok and How to Counter It?

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Abstract: The purpose of the research is to explore and provide a further analysis of the reasons why many are selling fake goods on Tik Tok and call people to pay attention to the authenticity of online products. The research method is to analyze Tik Tok video data and related news. The results show that Tik Tok is not strictly controlled, and people's over-impulsive consumption leads to the prevalence of fake products on Tik Tok. Finally, we reach a conclusion arguing that consumers should consume rationally instead of impulsively, and Tik Tok should set up more relevant policies to battle fake products.

1. Introduction

Nowadays Tik Tok is one of the most popular social media apps. According to the statistics in 2019, over 400 million users use Tik Tok in one day [1]. Owing to this, Tik Tok started to become a way for some sneaky merchants to sell their fake products. It is common on Tik Tok that a fake or unauthorized replica of the real product that is worth more than 1000 dollars could be sold at only 100 dollars. Even though the products are fake and generally made from lower quality components, there is a huge amount of customers.

Regarding to the research on Tik Tok, there are currently having these aspects: research on Tik Tok and education, research on Tik Tok and politics, research on Tik Tok and public aesthetics, research on Tik Tok and marketing. The research on Tik Tok and marketing is the most common era. There are different marketing strategies on Tik Tok: live broadcast methods, and features of marketing communication methods. There are very few articles that mention the issue of the prevalence of counterfeit goods on Tik Tok. In Zheng Qu's article, he talks about Tik Tok should ban merchants who sell counterfeit goods. In Hongju Shi's article, he talks about Tik Tok should not have technique support for fake merchants. In China economic weekly April 2018 edition, the editors talk about people should not buy cheaper goods impulsively. However, what they talk about are shallow, they ask for supervision, but it lacks precise plans. Therefore, this paper focuses on analyzing the sales methods and coping strategies of Tik Tok counterfeit goods. Moreover, this paper will focus on the reasons for the prevalence of the fakes, and the ways in which Tik Tok fakes are sold, and the response strategies to discuss how to deal with the prevalence of Tik Tok fakes.

2. The prevalence of counterfeit goods on Tik Tok

2.1 Causes of the prevalence of counterfeit goods

The question is, why do those people find Tik Tok as the best way of making money? The answer is: it is easy. Anyone can open a shop on the Tik Tok platform, and if they master the sales skills, they could get huge profits [2]. Anybody can set up a link bio in their video which all viewers could click, and it sends people to a different app so they could buy that product. There is a famous Tik Tok celebrity in China called Jiaqi Li. He is famous for selling lipsticks on Tik Tok and has made a large sum of money. Jiaqi Li has an annual income of 126 million by selling lipsticks and other skin products. He has 15.31 million followers on Taobao (a Chinese online shopping website), 36.71 million followers on Tik Tok, 5.55 million followers on Kuaishou (a Chinese video-sharing mobile app), 8.78 million followers on Weibo (a Chinese microblogging website), and 6.23 million

flowers on Bilibili (a Chinese video sharing website). In combination, he has 66 million followers on those social media apps. Jiaqi Li's advertising fee is between 2353 dollars to 153,800 dollars. If he goes live 20 times a month, he could make 200 million dollars, and add to a year, almost 2,000 million dollars [3]. According to Tik Tok, Jiaqi Li has made 343 million dollars on Tik Tok during 2019. However, he does not only sell products on Tik Tok, he also has his own Taobao online shops. His title is "No.1 lipstick man" and his shops sell all different lipsticks and skin cares as well. Jiaqi Li is creating his own way of selling products: live stream with lower price. He asks the makeup company to set a lower price in his stream so he could make the viewers think this is the cheapest amount they have ever seen, so they would buy it. Jiaqi also has a talkative personality: when he put on those lipsticks, he normally says: "oh my god this is gorgeous, and you all will look so cute", which becomes a trending slogan in China. Li is a successful example of internet celebrities: huge amounts of followers, making a tremendous amount of money by just talking and introducing the products. This is normal because internet celebrities have become an important resource for makeup companies. Just a decade ago, only famous celebrities have the change to advertise for make-ups or other luxury products. However, nowadays paying famous celebrities to sell products is not the mainstream way companies make money any more. Since Tik Tok celebrities could make money easier than ever, many fraud products sellers seek the opportunity and decide to expand their market to online social media app platform. It is not rare to see people have been tricked on Tik Tok when they try to buy real products.

Selling things on Tik Tok is so easy and there is not much supervision of selling counterfeits on Tik Tok. It has been a "black market" for people who want to make money by selling fake products. First, Tik Tok is new. Its original idea is taking short videos and getting more viewers and likes. Selling products and making money was not the primary purpose for early Tik Tok users. So being able to sell products on Tik Tok is one of the benefits they provide to their users and to attract more potential users, however, they are not fully prepared for issues like counterfeiting. Since there are so many sellers on Tik Tok, the short video making company has no time to validate each product those sellers put out there. They also do not give customers enough support to help them if they are being tricked. Moreover, Tik Tok could claim they have no responsibility if customers are being cheated. It could only be the merchant's fault since Tik Tok is just a short video platform. Tik Tok's surveillance on products is weak. This is a huge problem so Tik Tok has been working on it for a long time. For example, Tik Tok has implemented a lot of policy and tries to eliminate fake products in order to save its reputation [3]. In December 2019, Tik Tok China banned the non-Taobao-link that people could put in their video bio or comment and added a link which could guide to similar products. In January 2020, Tik Tok promulgated a policy which limited the amount of video that contains links. People who have less than 1,000 followers could only post one video with a link per week, and people who have more than 10,000 followers can post up to 10 per day. In February, merchants need to upload their real photo ID, phone number and 500 yuan in order to keep their business going. In late February, Tik Tok banned the way people could message outside links in order to ban fraud products. These policies do eliminate many sneaky merchants that try to sell fake products by just posting videos, and it also gives outside merchants a hard chance to enter Tik Tok market. However, this is not enough. Fake products are still a major problem on Tik Tok. Many Tik Tok celebrities sell real and fake products together and sometimes consumers don't even notice. Any merchant can set up his or her own Tik Tok shop and upload fake certification in order to sell fake products. Tik Tok is trying to eliminate fake merchants, but those merchants respond quickly and effectively according to the current situation.

Another reason for the prevalence of fakes on Tik Tok is: Fake products look legit and real in the video, and the price is very low and that's how some fake merchants make money. Dong posted her experience on the internet of buying fake products from Tik Tok, and her article went viral because other people experienced the same thing. She said that she found a fried shrimp advertisement on Tik Tok, and she got interested because those shrimps look delicious. She paid 30 dollars on the shrimps. Dong said when she saw a video in which a lady of her mom's age walking towards the camera, with a big smile, looks like she just came back from fishing, and claiming that she made all

of those big red fried shrimp, Dong was persuaded. However, when she finished filling up her personal information and mailing address, she got the text that said the product is “cash on delivery”. When Dong received the product, she got a bag with stinky shrimp with a color of dark orange, the bag did not include any information of the shrimp but only had the “premium shrimp” and the merchant name printed on it. Dong was cheated. She was trying to ask for a refund but failed. Since it was not a buying process on Tik Tok, she did not know who to ask or what to do, so she wrote an article about how she has been cheated on a fraud product. When her article went viral on the internet, she finally got her refund. Tik Tok banned the search word “fried shrimp”, but it is not working. Apparently in Chinese, there are so many different ways to say “fried shrimp”, and still can be searched. Finally, Tik Tok claimed officially that they are going to ban all the fried shrimp products temporarily in order to avoid the same thing happening. This is common in Tik Tok since merchants use lower prices with high-filtered products to sell as many fake products as they can. People in modern society have more desire for luxury products than ever, they could post their luxury bags or make up on their social media in order to show off and make others jealous. Many of them can't afford to buy those products, so they decide to buy cheaper ones on Tik Tok. There is a Tik Tok celebrity selling Hermes bags during her stream, and that one bag is originally worth 4,000 dollars, but in her stream, people only need to pay 400 dollars. This satisfies some people's need for a luxury bag with a small amount of savings. The fake bag is similar to the original bag, and it even has the same package and receipt. So people usually can not define or call out whether their products are fake, even though it seems so obvious to experts. Since it is so hard to tell the difference between real and fake luxury bags, it is even harder to tell the difference between real and fake makeup because consumers have to use them first and then see if that's working. That is why fakes are common in Tik Tok: Low cost, high profit and slacken surveillance over the products that sell out through Tik Tok [4].

2.2 Ways of selling counterfeit goods

The reason for the prevalence of fakes is closely related to the way they are sold. There are so many ways of advertising fraud products. Merchants who sell fake products have come up with different methods of selling their products. The first method is letting Tik Tok celebrities making evaluation videos. This method is the most common method when a Tik Tok make-up celebrity tries to sell some makeup or skin products. One Guy named Fendy on Tik Tok published his evaluation video about Florasis' new makeup powder. The content he recorded is that he went to the hot pot place, and after eating hot pot, his face got much oilier. Then he showed his new powder he had got, and put the powder on his face, then his face became smooth and clean. That video got 735,000 likes and there is no doubt he sold many of those products. Fluorosis is a big makeup company in China, and no doubt they would have other imitators try to sell the same fake product. Many famous Tik Tok celebrities have recommended this Fluorosis powder because they have received money from the company [6]. That makeup company also find SamCheok to promote their products, who has almost 15 million followers on Tik Tok and introduced himself as a professional makeup artist who's been working for 10 years already. He said he graduated from a make-up Academy in France, had worked for Make Up For Ever, then became a makeup blogger. Sam posted a video about a fan of his who messaged him and said she got a fake Florasis makeup powder from Tik Tok, then he asked everyone to pay close attention when they try to buy things online. Ironically, Sam has been accused of selling fake products recently. A fan of Sam replies sam's comment says the cleansing oil she bought from Sam's stream is not working for her, which means that cleansing oil could not wipe her makeup off her face completely. Sam does not react properly, he screenshots his fan's comment without blurring it and posts them on Weibo. After that, that fan gets cyberbullied through Tik Tok and Sam realizes he has done something wrong. However, even if this thing happens, people are still buying products from Sam. Why? It is because people tend to unconditionally believe when “professionals” give out their advice-- even if that advice is fake. It is called confirmation bias. When Sam is a professional makeup artist, people believe what he says and buy what he promotes. When people gather the information of him being

the top makeup artists, people tend to ignore those bad comments of his videos and still buy many of the products he introduces.

The second way of selling fake products on Tik Tok is what people called transformation videos. By making transformation videos, people could look ugly from the beginning, and switch to a shiny, glorious beauty in the next second. The most common ones throughout those videos are make up videos. Zhiyue, who has 260k followers on Tik Tok, has posted a lot of makeup transformation videos. She records her nature look first, and when the background music turns to higher pitch, she looks different with make ups. Each video will come with a link to the makeup she uses in that video. When people see those videos, they would want to look as pretty as she is, so people would buy those makeups in order to achieve the same effect. There are a lot of Tik Tok celebrities who use this way to promote their products. However, it is hard to tell if the product is fake or not. However, transformation videos have always been a trend on Tik Tok. DaoxiaoDao, a girl who went famous on Chinese Tik Tok by just recording one clothing and make up transformation video, gains over ten million followers in one month. This is what Tik Tok's charm is, it could make an ordinary person catapulted into fame just because of his/her videos. The topic DaoxiaoDao brought up in her video got 5.76 billion views, which means that each Chinese person watching those videos four times. When a video goes viral on Tik Tok, other celebrities imitate that video and try to make the same effect. When a song goes viral on Tik Tok, everyone uses it as their background music. However, such trend passes by quickly, people never know what the next hot topic is [7]. People becoming famous because of transformation videos is common in Tik Tok, and those immoral merchants seize this chance and sell those products to the viewers through transformation videos. For example, a couple from Guangdong get famous for their transformation videos and were accused of selling fake Armani watches. The price of that watch is only a hundred dollar and when the customers receive it, they find out the watches are fake products [8]. The couple apologized on Tik Tok officially, but a few days later they deleted everything about them selling fake watches on the internet, trying to wash up their bad history. Sometimes, bad merchants would simply find those Tik Tok celebrities and ask them to put their product link in those videos even if celebrities do not use it in their videos.

The third way of people selling fakes is through scripted videos. First kind of video is finding someone on the street and transforming them to a fashion person with a better look. Viewers can't tell if the video is scripted or not, but it works [9]. There is a Tik Tok account named "the plan of changing normal people" that has 3 million followers, and its videos all look the same: interview a random person on the street, ask them if they want to change their look. Then, the background music starts, the person changes his or her appearance with fashion cloth and a better look with make ups. Each video has a link to it, either it is the person's new cloth, new watch, or new skin product they put on that person's face. However, those are likely to be fake ones since this Tik Tok account does not guarantee whether what they sell is real or not. Companies that make fake products can simply find this Tik Tok group and pay them to advertise for the fake products. The group is not a professional fashion artist, so they announce that they don't have to take any responsibility. When the viewers see how those cloth or skin products look so much better when the person uses it, they would have impulse buying and think they will look better with those products. There is also another scripted kind of video: video with plot. A Tik Tok account named Xiaoli also has 3 million followers. Her videos are scripted just like a series of TV drama shows. For example, she acts as a nice girlfriend who takes care of all of her boyfriend's daily business: making breakfast and helping her boyfriend gather his work. However, her boyfriend goes to dinner with his friend and even declines her phone call. She asks why when her boyfriend comes home, and he says she looks like an aunt to him and he feels shame to bring her out. Then, this girl's friend introduces her to an anti-aging essence, which means she will look younger after using it. The end of the video shows after using it, the girl finds a new boyfriend and her ex-boyfriend regrets losing her. This video includes this essence buying link on the top of bio. Viewers would likely try those skin products because they might have experienced the same thing before. However, the product Xiaoli introduces might not even have any health or safety permit, they might be fake products. It is

hard to tell if it is fake or not by simply looking at the video. The way Xiaoli makes money is to arouse people's empathy. Many people might have broken hearts when it comes to talking about relationships, this type of video might give them a sense of "I would become better in the same way and my ex-boyfriend would regret losing me" [10].

The last way, and the most efficient way to make money through Tik Tok is selling products during streams. Jiaqi Li, as mentioned above, uses live stream as a main way to sell makeup and skincare products. There are a lot of famous celebrities who went to Jiaqi's live streams and sold products with him. Mi Yang, Yilin Cai, Yan Tang, Angelababy, and a lot more famous Chinese celebrities show up in Jiaqi's stream and become sell partners. Why are so many celebrities go to Tik Tok celebrities' streams and sell products with them? It is because online shopping has become a huge thing in people's daily life: it is easier, faster and contains so many options. The GMV of the 2019 11.11 Global Shopping Festival has surpassed RMB 268.4 billion in sale on Taobao. People want their lives to be more exquisite from buying good stuff, and they need advice [11]. Even celebrities are people we can't reach easily, Tik Tok celebrities become an easy target people could reach. People could reach them by just messaging them, or text things they want to know during the live streams. Streamers could see them and read them out during the stream, and answer people's questions. When online streaming becomes popular, the boundaries between Internet celebrities and celebrities are becoming increasingly blurred. The rise of consumer groups, the development of the traffic economy, and mobile networks have brought film and television programs, social media, and e-commerce platforms to an era of brand full-link marketing. The form of live streaming will undoubtedly provide a good solution for the brand. Compared with advertising and endorsements, live broadcast platforms allow celebrities and audiences to communicate and interact face-to-face in real time, which further eliminates the distance between space and time and provides an excellent opportunity for the brand to expose. [12]. The celebrity live stream is just a disguised endorsement, but the delivery site is moved from the airport and the show to the live broadcast room. It adopts a one-stop marketing model of brand promotion, product promotion and purchase, and empowers it in a more friendly way. When viewers see celebrities in live streams could lead to impulse buying. When the celebrity says the products, they sell are real and good, people would likely believe it. Celebrity live streaming has become a routine marketing operation, but there are bound to be numerous crises hidden behind its prosperity. For example, product quality is not guaranteed; there is also false propaganda, data fraud, scalping traffic, etc. Recently, Jiaqi's live stream of non-stick pan overturned elicited many questions from viewers, and Jiaqi was accused of false propaganda and appeared on Weibo most searched hashtags. Moreover, if celebrities say something inappropriate during the stream, it might cause a lot of bad effects and even lose trust between viewers (Xu et al., 2020). However, online stream selling has become a huge thing in daily life, but it also has pros and cons depending on how Tik Tok celebrities use it.

2.3 Ways to counter the prevalence of counterfeit goods

Since fake products are so common and wild on the internet, Tik Tok should take measures to guarantee the qualities of products. First of all, Tik Tok needs to set up more policy to ensure the authenticity of products sold on its platform. Tik Tok needs to go through all the products people have complained about. There are so many problems such as: the delivery time is too slow, the quality of the received product is poor, the product does not match the short video displays, and the customer service cannot be found. Tik Tok can dig into these issues and see what is wrong with each product. Even this takes a lot of time, but they can start this slowly. Also, Tik Tok should give people a proper way to file a complaint about their products. This is what Tik Tok lacks, a clear and easy way for people to report fake products and get their money back. When people open the "support center" page, people can only see the links below: find orders, shopping carts, compounds, and wish lists. This means there is no way people can report fake products when they want to. A reporter from Beijing Business News contacted Tik Tok and asked them why there is no link to report spam or file a complaint. Tik Tok said if there is any problem with the products, customers should find the merchant and file a complaint with them, and that is not a Tik Tok business. Tik

Tok also said they only need to review non-compliance with no need to review product quality issues. If a merchant wants to open a Tik Tok store on the Tik Tok platform, it needs to meet the account number of followers above 300,000 or complete qualifications, such as Taobao, Tmall or Jingdong those Three-party platform shops [13]. In this process, the Tik Tok platform will review the qualification of the merchant. After the review is passed, the merchant must pay a deposit of 10,000 yuan to successfully open the store. In addition, the Tik Tok platform provides two ways of "resources", namely "buy channels with confidence" and "self-media". Both methods use cash on delivery. The former charges a 10% commission to the original linked store, and the latter charges a commission to the original linked store by the Tik Tok merchants. In this way, merchants who sell fakes can easily trick people on Tik Tok and make money without having any troubles. Tik Tok should give customers a way to file complaints and they should review those complaints and shut down those fake merchants' stores. The opening of shopping functions on short video platforms such as Tik Tok is still a new thing. In contrast, e-commerce platforms such as Tmall and JD.com already have a very complete shopping process and supervision system, and there are feedback, positive and negative, shown in the purchase interface [14]. After communicating with the merchant and receiving no response, consumers can choose the platform to intervene in the communication. If it's indeed a fault of the merchant, the platform will help consumers get refunds and perform other operations needed. In addition, platforms such as Tmall and JD.com have relatively complete evaluation systems and advanced payment mechanisms. Moreover, they are the kingdoms of Chinese e-commerce [15]. Consumers can refer to the authenticity of products through information such as reviews and star ratings. These e-commerce platforms also include mechanisms such as 7-day unreasonable return. Tik Tok should learn the lessons from other platforms, and that's the only way they could make customers feel safer.

For consumers, they shouldn't buy products impulsively. There are different types of impulse buying, and it all connects to the reason why people would purchase fake products: buying without shopping needs, buying with stimulation, and buying with arranged plans. In conclusion, when people buy things without thinking, that is called impulse buying [16]. "Everything can get on streams, and everyone can sell them." In the context of faster and faster social development and an increasingly developed economy, people's consumption patterns have begun to change, and live streaming has become a new way of communication and interaction. By watching the streams, people are gradually influenced by the words created by KOLs (key opinion leader) to have value recognition and emotional resonance, accepting the repeated product and discount information on the screen, and finally "persuaded" or "psychological hints" by repeated words successfully, moving their fingers, Plucked their screens and bought this order. When people buy fake products, most of them have no desire to purchase at the beginning, but then buy the products without going through the normal decision-making process. Moreover, people might purchase things they do not even need, they just want to buy products they think it's new or cheap. Impulse buying behaviors mostly occur when customers see products they buy quite often, such as toys, candy, food, or clothing. People know the groceries very well and there is no need to explain more, all they need to know is how cheap those products are and how good the quality they have. Impulse buying would lead people to buy a lot more fake products since that's how those advertisements work. So, the consumers should think twice before buying. If the product is cheap, think about the quality. If the product looks glorious, think about the price and authenticity. Consumers should read the comments before purchasing; since the first few comments could be from the merchants themselves, they should skim all the comments first. Also, go to other apps, find this product and see how others like it or not. It is easy to get tricked on the internet, especially on Tik Tok streams, that make people feel it is the only chance to buy the product and it is the cheapest price. However, people don't need the products after they get them and only realize that later. But in that particular situation, a large number of people will think, "Isn't you going to lose if you don't buy it so cheap?" If people go back and forth and think it through, they will find that they have spent a lot of money "without knowing". Also, fake products are cheap and not easy to recognize just watching the streams, so not doing impulse purchase is a good way to avoid buying fakes as well.

3. Conclusion

Tik Tok has a large market of counterfeit goods. The great profits brought by counterfeit goods, the loose supervision of Tik Tok, the low cost and price of the goods, high degree of similarity between the counterfeit goods and the original goods lead to the popularity of counterfeit goods. General speaking, the merchants sell counterfeit goods by letting Tik Tok celebrities making evaluation videos, transformation videos, scripted videos and by streaming. To cope with this problem, Tik Tok needs to set up more policy to ensure the authenticity of products sold on its platform, and consumers should not buy products impulsively.

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