End of Summer Report

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# TikTok's U.S. Ban: Examining Market Reactions, User Behavior, and Economic Shifts

## INTRODUCTION

In the digital age we live in, social media platforms are a huge part of our everyday lives, and TikTok is one of the biggest—over 2 billion users worldwide and 170 million in the U.S. So when the U.S. government started pushing to ban the app, it caused serious waves in the social media world. As a TikTok lover studying Economics and Data Analytics, I wanted to combine my academics with real-world issues by exploring what really happens when a platform this massive faces disruption. My study focuses on how TikTok main competitors and partners reacted in the stock market, and where users migrated during its brief absence in early 2025.

## RESULTS
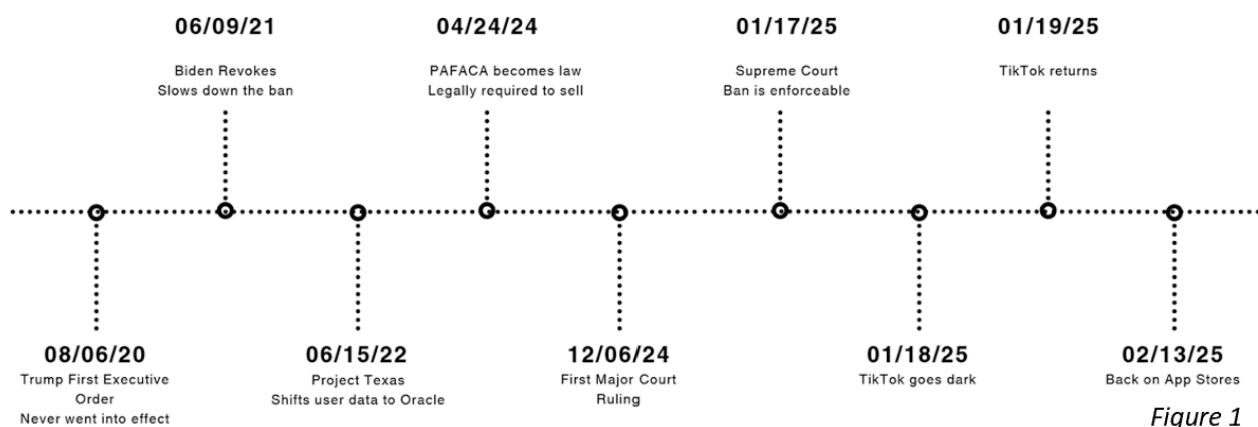
### 1. TikTok Ban Timeline



Figure 1

Figure 1(above) shows the timeline of key events related to the TikTok ban, including:

- **August 2020 –** The first executive order to ban TikTok, which never went into effect.
- **June 2022 –** Project Texas is launched, with Oracle beginning to host U.S. user data.

- **April 2024** – The PAFACA Act (Protecting Americans from Foreign Adversary Controlled Applications) passes, marking the most serious legal threat to TikTok.
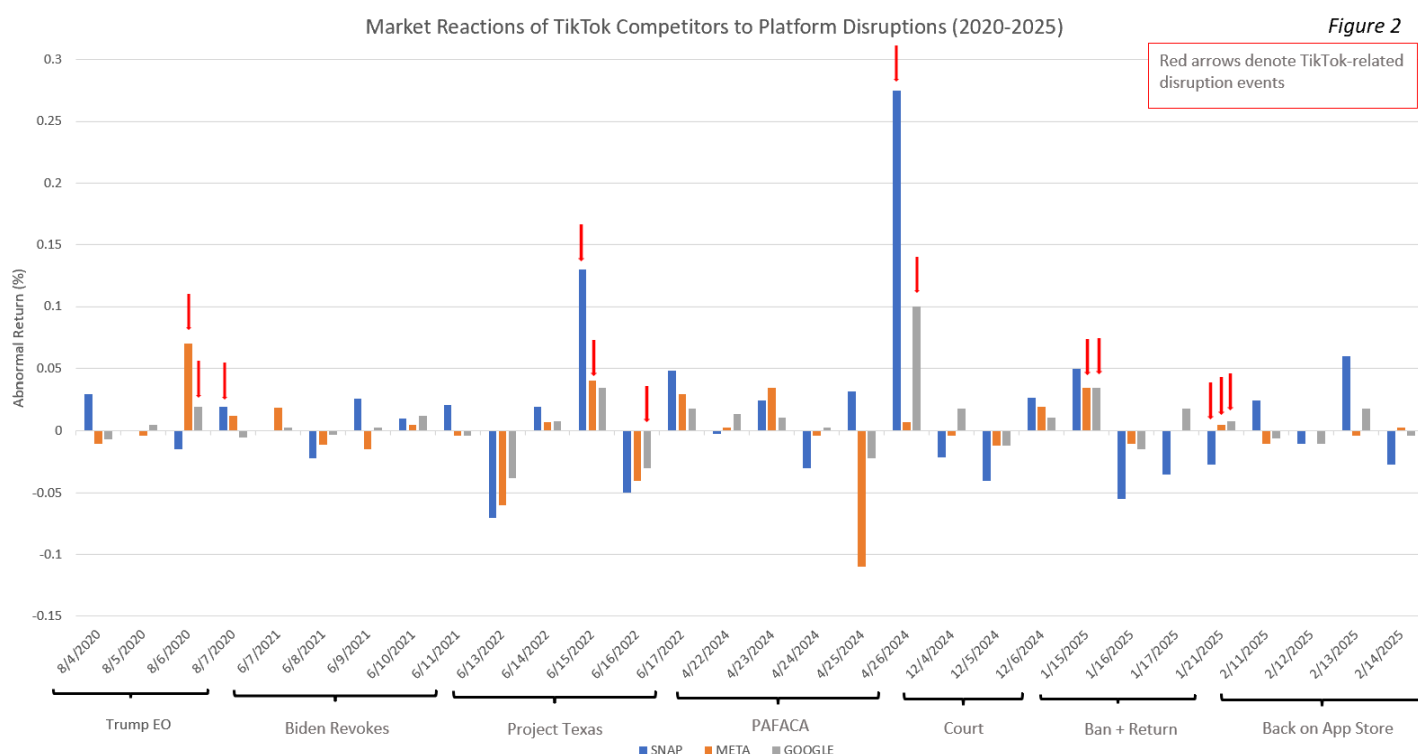- **January 2025 –** TikTok's brief absence and its return.

This timeline is especially important because the rest of my analysis follows these key events and examines their impact on both the market and user behavior.

## 2. Stock Market Reactions

For this part, I collected historical stock price data from July 2020 to May 2025 for major TikTok competitors—Google (YouTube Shorts), Snap (Snapchat Spotlight), and Meta (Instagram Reels)—as well as key business partners like Oracle (Project Texas Cloud Host) and SoftBank (Former Investor). I used Google Colab to calculate abnormal stock returns and focused on a 5-day event window around each key TikTok ban event (2 days before, the event day, and 2 days after). This gave me a clear view of which companies were affected the most when something big happened to TikTok.
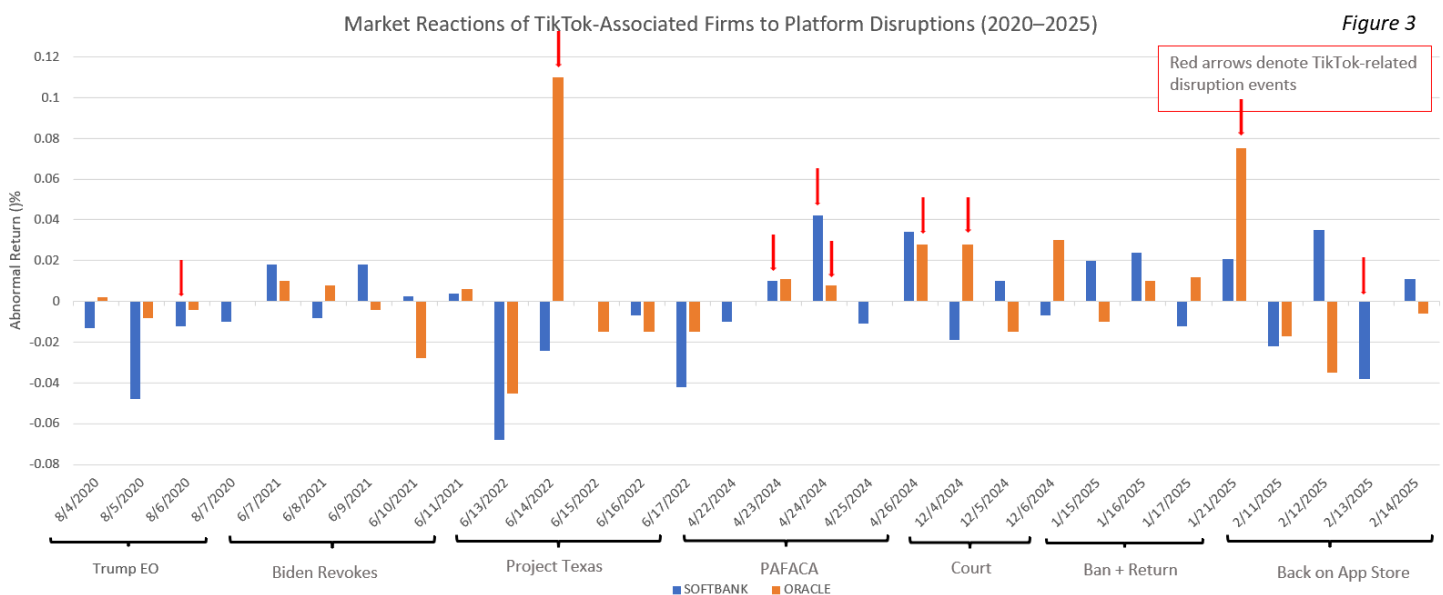
### 2.1 Competitors (Figure 2)

As shown in Figure 2 below, Snap, Meta, and Google consistently saw positive abnormal returns during TikTok-related shocks, especially around Project Texas in June 2022 and PAFACA in April 2024. In simpler terms, investors seemed to believe that if TikTok was gone or weakened, these rival apps would gain more users and ad revenue — and their stock prices reflected that.



Figure 2

Market Reactions of TikTok Competitors to Platform Disruptions (2020-2025)

Red arrows denote TikTok-related disruption events

## 2.2 Strategic Partners (Figure 3)

As illustrated in Figure 3, Oracle and SoftBank, whose connections to TikTok are more operational than competitive, showed very different trends. SoftBank's stock movements were mild and inconsistent, likely because its investment in ByteDance (TikTok's head company) is indirect and harder for investors to evaluate quickly.

Oracle, on the other hand, showed some of the most interesting movements. Its stock jumped in June 2022 when Project Texas confirmed its role as TikTok's U.S. data host. That spike was expected since the partnership gave Oracle a clear and valuable new responsibility. Although I expected it to drop when TikTok faced serious ban threats, Oracle's price actually jumped by 27% when the PAFACA Act passed in April 2024—and didn't fall during the brief removal in January 2025. My advisor and I think this is because TikTok had a higher chance of being sold to a U.S. company than being fully banned, and investors believed that Oracle's role would expand in that scenario. A "local" TikTok could mean a bigger scale of operations and data services, which would benefit Oracle.



Market Reactions of TikTok-Associated Firms to Platform Disruptions (2020–2025)    *Figure 3*

## 3. User Migration Patterns (Figure 4)

To visualize where users might've gone during TikTok's brief absence, I collected U.S. monthly download data from June 2024 to March 2025 for TikTok competitors: Instagram, YouTube Shorts, Snapchat, and Rednote. Getting Rednote's historical data was honestly tricky—it's a smaller app based in China, and reliable sources were limited. I had to estimate Rednote's monthly numbers between June and December 2024 based on Statista's quarterly data. As Figure 4 shows, Instagram, YouTube, and Snapchat had small bumps in downloads during the TikTok removal—probably because they already had massive user bases. But Rednote was the standout:

it saw 3 million new downloads in just January 2025 alone, which is roughly 2% of TikTok's U.S. user base. After that, its numbers dropped sharply, suggesting it was more of a short-term trend sparked by the ban rather than a lasting shift in user behavior.



Monthly U.S. Downloads of TikTok Competitors (Jun 2024 – Mar 2025)

*Figure 4*
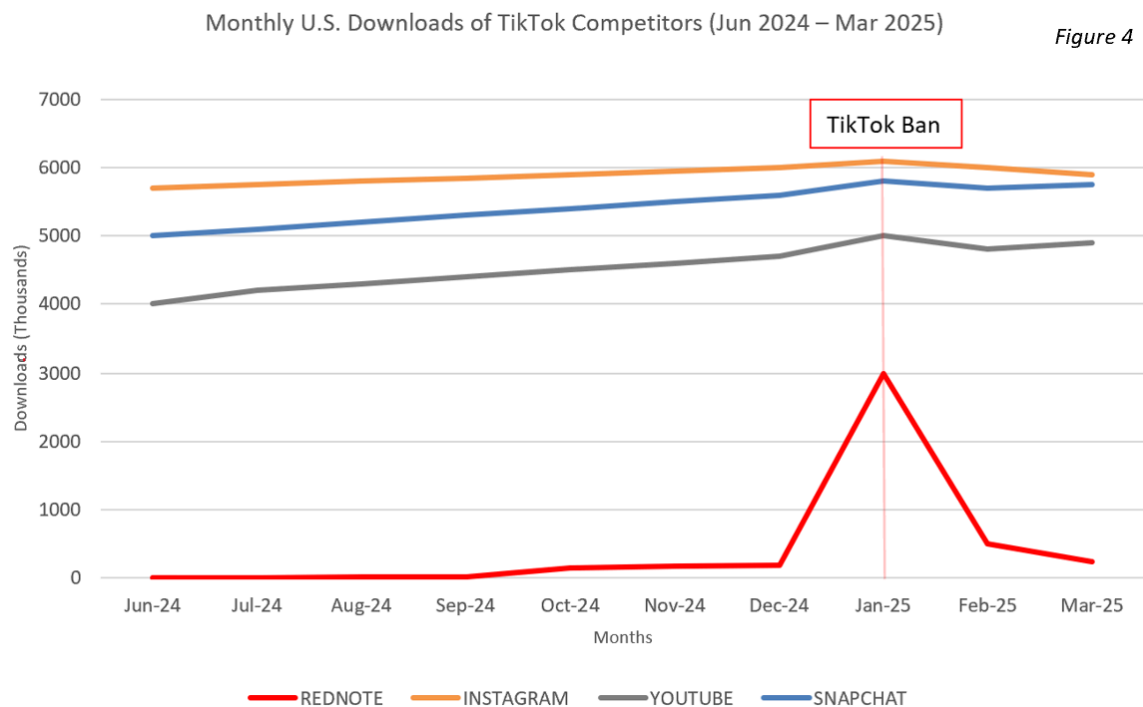
## CONCLUSION

This project helped me see how something like a potential TikTok ban can cause real shifts in markets and user behavior. It was exciting to connect my academics with something so current, and it definitely sharpened my data skills and made me more confident in tackling messy, real-world datasets. I plan to present this research at the Elkin R. Isaac Symposium next spring.

I'm really thankful to my advisor, Professor Zhen Li, for her support and encouragement throughout the process, and to everyone running FURSCA, along with Vernon and Gladys B. Lawson, for making this opportunity possible.