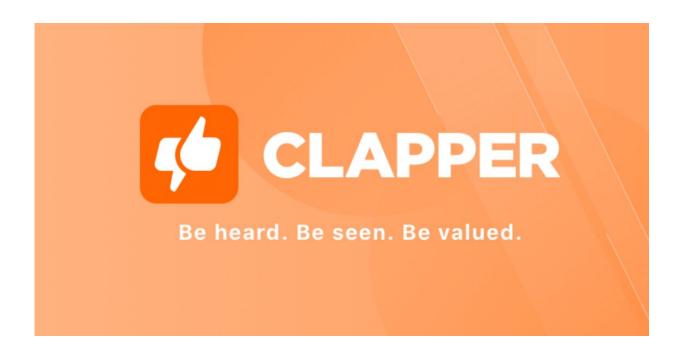


Clapper app finds new users as TikTok uncertainty looms

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Credit: Clapper

Edison Chen doesn't see his short video social network, Clapper, as a TikTok competitor. But at first glance, it's easy to see how users might.

The app has a strikingly similar interface to the ByteDance platform: A For You page, a nearly identical menu bar at the bottom of the screen and an endless roll of short-form video content to consume.



With TikTok facing scrutiny from regulators and lawmakers, Clapper is gaining attention as a potential alternative in the event the global social media platform is suddenly unavailable to millions of U.S. users.

As Clapper's 20 local employees build out the app from the 1,100-squarefoot office in Carrollton, the young company has had to deal with mature social media issues—such as an influx from QAnon and anti-vaccine conspiracists and a surge in popularity amid TikTok's uncertainty.

But Clapper isn't focused on becoming the new TikTok, said Chen, a Chinese immigrant who moved to the U.S. to study finance at University of California Irvine before founding the app company in July 2020.

The three-year-old app was created with millennials and Gen X in mind, with the average user's age circling between 35 and 55, Chen said. The app has a 17-and-up policy and features livestreams, chat functions and no ads.

While working at 5 Miles, a Dallas-based e-commerce site, Chen regularly came into contact with people who he said are underserved by <u>media companies</u>: stay-at-home moms, landscapers and blue-collar workers. He realized that as short videos grew in popularity, these groups were being left behind.

"I feel like a majority of the social media in the United States are targeting younger generations, and this group, Gen X and Gen Y, are still using Facebook," Chen said. "So I'm thinking there's a potential out there I can build out a short video content platform for those groups of people."

On Apple's App Store, Clapper was listed as No. 19 of the top social networks earlier this month and No. 9 on the Google Play Store. It's recognized as one of the fastest-growing platforms with more than



35,000 people joining Clapper on average each day, Chen, 31, said.

Short video driving social media

A major difference between the two apps is their reach. TikTok surpassed more than 1 billion monthly active users in 2021 and this year has more than 150 million users in the United States. Clapper has roughly 400,000 daily active users and 2 million monthly active users, Chen said. Beyond audiences, the apps' algorithms and pay structures differ, too.

Clapper creators earn mostly through user subscriptions and tips rather than an app-sponsored creator fund that rewards reach or brand sponsors that have come to dominate TikTok and Instagram.

The founder loses sleep over whether the servers are able to handle the growing number of users. If TikTok is banned and Clapper experiences an influx of new accounts, Chen said some of them will leave, and that's OK.

He's not worried about trying to capture as many new users as possible if it runs counter to the app's mission of building vertical communities and showcasing realistic lives.

"We want to build our Gen X and Y communities," Chen said. "We are not servicing for everyone."

Caitlin Chin, a fellow at the Center for Strategic and International Studies researching technology regulation, said that while the looming decision on TikTok's fate in the U.S. is unparalleled, a potential ban might not send users to alternatives like Clapper, but back to established mainstream social media like Snapchat or Instagram.



The social media market is among the most concentrated in the U.S., Chin said, making it difficult for any social network to become wildly popular like TikTok. Chin said it's possible Clapper benefits from a TikTok ban, especially among more niche groups.

"It's very hard to gain that user base," Chin said. "If you're somebody who uses Instagram or Meta, you don't want to switch to Clapper if your friends aren't on Clapper."

Clapper has features that are similar to other social networks and dating apps. Users are able to see videos from creators nearby, can purchase products from other creators and are able to add tags to their profile that introduce them to other users with the same profile tags, like "Fashion," "New To Clapper" and "Guns, Guns, Guns."

Chen recognized older groups struggled to monetize their content on platforms like TikTok, where high-frequency posting is notoriously required for virality and in turn, earnings. Older users also failed to relate and compete with TikTok's heavy presence of Gen-Zers, Chen said, especially creators who have upped production standards to require a small team and flaunt luxe lifestyles. So he started Clapper.

"I feel like it's pretty hard for two generations or groups of people to coexist on the same platform," Chen said. "So that's why they're turning to Clapper—they feel more relaxed and comfortable."

Clapper uses a "fair-use algorithm" that favors the quality of content over quantity, Chen said. It values organic impressions on videos up to three minutes long and most heavily relies on creators' relationships with other users, giving any user the potential to be put in front of wide audiences, Chen said.

Users can boost their relationships by engaging with other videos,



starting a community group chat or by being financially supportive of other creators by paying a monthly subscription or by leaving a tip. Typical subscriptions charge from \$10 to \$100.

Chen said he's seen more members of law enforcement becoming users, and creators posting videos of their small businesses, like carpet cleaning and construction.

Clapper's foundation

In the earlier days of the app, Clapper was a darling of the far right. QAnon and anti-vaccine conspiracists made the "Free-Speech Short Video" app a meeting place.

Chen said he was not sure why they came to Clapper. He's often confused about why any new groups of users join, like the growing numbers from Ireland, Australia and Canada. But as long as users abide by guidelines, he welcomes it.

After the Jan. 6 insurrection, the company made a statement emphasizing Clapper's intolerance toward inciting violence and vowed to take action on reported content within 24 hours.

It took time for Clapper to build out their content moderation systems, Chen said. Two years ago, the company outsourced a team of 10 workers from the Philippines. Now it has 40, and uses artificial intelligence to weed out nearly 85% of videos violating community guidelines, including accounts by users younger than 17 or videos with nudity or violence.

The app's bare-bones office in Carrollton reserves decor for the studio where livestreams and content are filmed. The 20-person team works from the 1,100-square-foot office in jeans and leggings. Many are



University of North Texas alums.

Despite the company's product being geared toward an older audience, many staff members are on the cusp of Gen Z and millennial. "I am not hiring the cool kids," Chen said. He's focused on building a team that understands users and can prioritize their needs and wants from Clapper.

Employees huddle over jumbo muffins in the kitchen stocked with a Doritos and Cheetos variety pack and an oversized tub of Cafe Bustelo.

The team is set to move into a new 5,000-square-foot office by the end of the year, but Oriana Valderrama, Clapper's content strategist, knows they'll miss their old space.

"I think we'll remember this one as our favorite because we started here," Valderrama, 25, said.

Among the team is creator zero. Bita Motiie, 26, was hired as an intern in the company's first month to be the first content creator. She came to Clapper having experience as a TikTok brand ambassador and doing content creation for a congressional campaign. Motiie is the company's head of operations.

Every Friday afternoon, Motiie hosts a live town hall for nearly 10,000 users on resolving technical issues, earning more money and partnership campaigns.

Clapper is in a different arena than TikTok when it comes to creators finding big-ticket brand deals. On TikTok, influencers with large followings can earn considerable checks for sharing advertisements with their viewers. Those types of lucrative partnerships aren't typical on Clapper. Motiie chalks it up to the nature of creators that have made Clapper their primary social account—they're older and haven't



diversified their following across platforms.

"I think once we start getting more traction, I think brands will then start considering partnering with our creators as well," Motiie said.

Clapper creators make the most money from other users, through subscriptions and live stream gifts, Valderrama said.

"That's why maybe it's not like the business model of, 'I need to get a brand deal to actually make money,'" Valderrama said. "It's, 'I'm already making money because I'm engaging with my community, talking to them every day and providing original unique content for them.'"

Until recently, the company didn't spend on external advertising. They run a lean shop, Chen said, spending very little. Clapper raised \$3 million in its seed financing round in 2021 and Chen said the company has gained interest from venture capital prospects. Before seeking out more funding, Chen said he'd have to think about how the team would efficiently be able to spend the money.

So it's not a top priority, he said, as the app became profitable last year.

Clapper earns money by taking a cut of the cash circling the app. Clapper takes 5% of a transaction when creators sell goods during their live stream and 15% of subscriptions and tips. Since its launch, Clapper has distributed more than \$10 million to its creators, Chen said. Last year, some creators were making \$3,000 a month.

Edison Chen's career in Dallas-Fort Worth

Born in Xiamen, a port city on China's southeastern coast, Chen moved to the U.S. to study finance at the University of California at Irvine in 2011. He later moved to Dallas-Fort Worth to earn his master's at the



University of Texas at Dallas to advance his skills in <u>data analytics</u>, data science and product management, he said.

He's working on a master's of business administration from The University of Chicago Booth School of Business and lives with his wife in Allen.

Prior to starting Clapper, Chen helped relaunch Lustrohair, a wig and hair extension company in 2018, and in 2016 he co-founded Model Car, a second-hand marketplace connecting international students to used cars. He's also held roles in strategy consulting and finance. But a corporate job wasn't for him, Chen said.

By the end of the year, Chen said he hopes to employ 30 people and ramp up participation to one million daily active <u>users</u>.

"I feel pretty passionate every day because I have the ownership to do all kinds of things," Chen said of working with startups. "If you're doing pretty well, you have the ability to do other kinds of things. They give you more."

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