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# Inside TikTok’s shoppability triple threat with its latest social commerce bid

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**“ TikTok’s latest strategic foray in social commerce is the launch of its own Amazon-like DTC e-commerce strategy and experience.”**

Inside TikTok’s shoppability triple threat with its latest social commerce bid

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goods across multiple categories including apparel, electronics, and kitchen gadgets. TikTok plans to handle marketing, transactions, shipping, fulfillment, and after-sale services on behalf of Chinese manufacturers, positioning TikTok in direct competition with Chinese retail leaders Temu and Shein, as well as US e-comm leaders Amazon, Walmart and Target.

## TikTok Shop (TTS) and How it Fits in TikTok's Ecomm Flywheel

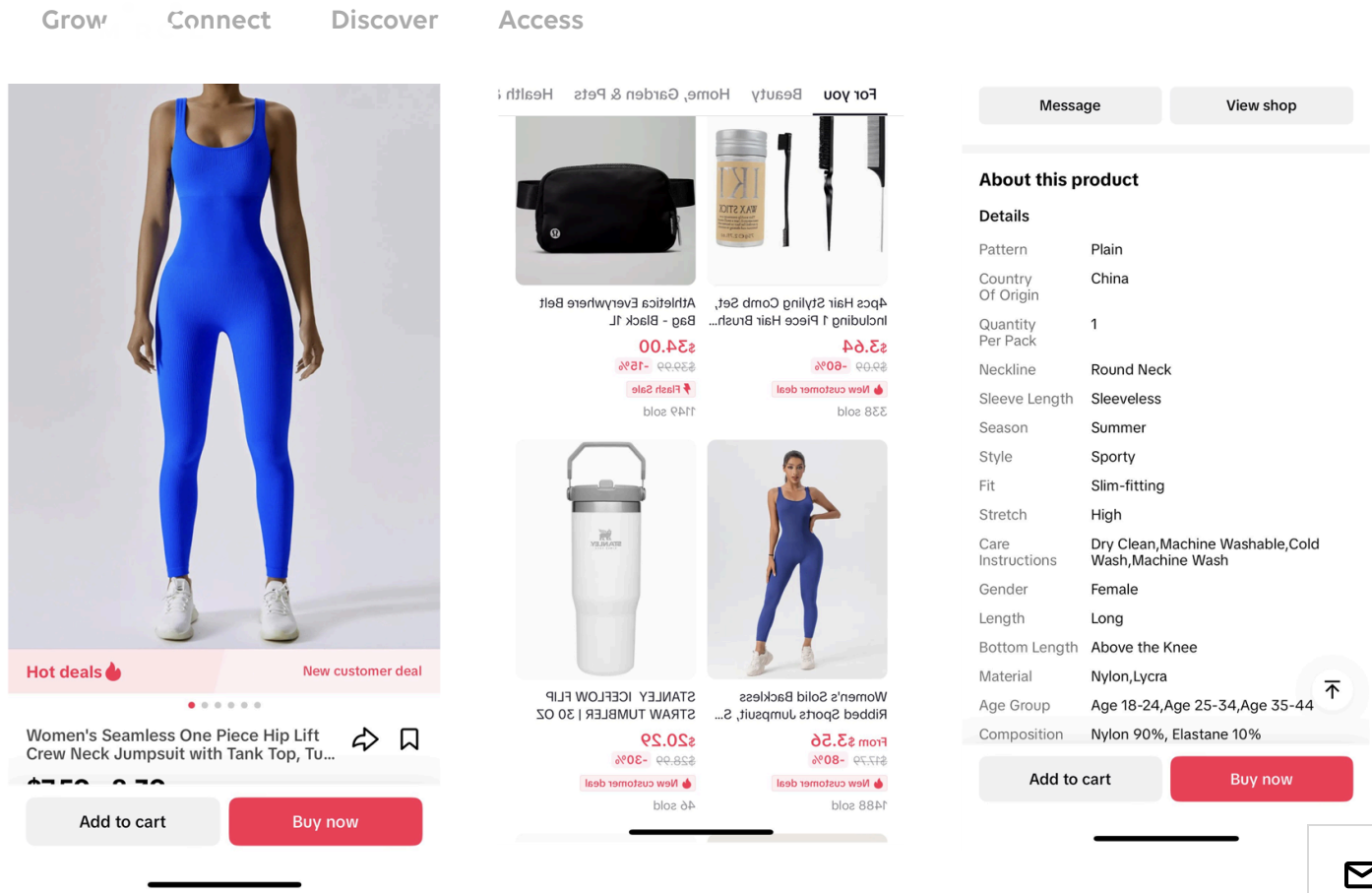
As its first direct-to-consumer offering, its 'Sold by TikTok' program is separate from the U.S. TikTok Shop workstream (3P Seller Marketplace), and not to be confused with TikTok Shop predecessors like TikTok Storefront – in which products were sold under an in-profile "Showcase" tab (since depreciated).

While initial reports hinted at a standalone DTC experience as tests in the UK and southeast Asia indicated, known as TikTok Shop Shopping Center, Chinese merchants have been integrated into the TikTok Shop US experience. The US has often shirked trends observed in other global markets: its livestream launch famously went bust, with TikTok pulling back on its strategy. It reportedly struggled to recruit merchants to TikTok Shop beta, only having onboarded ~100 during its beta launch in Spring 2023.

The launch of TikTok Shop in the US shows that the DTC model may be TikTok Shop's long game – the Canal St. of e-commerce. In building its relationships with Chinese merchants, it de-risks TTS viability, allowing knockoffs to build off the brand equity of US brands at a fraction of the cost.

In addition to featuring products from partnered Chinese merchants, it also employs gamification elements (think flash sales, LTO drops, promos). Chinese merchants are often promoted as "Top Sale" items under nonsensical seller names like "NcmRyu". Products sold by these merchants boast items sold in thousands compared to established US brands.





## Why Now and What's at Stake

The move diversifies TikTok's revenue stream and continues to broaden its e-commerce strategy following its official launch of TikTok Shop in September 2023, which despite initially struggling to develop a thriving marketplace of third-party sellers in-app, shows signs of growth with considerable algorithmic support.

In the week following the launch of TikTok Shop, the top three trending keywords were "Free Shipping" (+95%), "For Free" (+88%), "50% off" (+96%), and all TikTok Shop promotions. Incidentally, views of the top five products (Dresses, Perfume, T-Shirts, Cases, Hair Treatments) declined 19% - 29%, with "Serums and Essences" emerging following Beauty brands early adoption of TTS.

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### Insights

Last 12 months

United States

Posts

557K

Last 12 months, United States

22M

Overall

Views

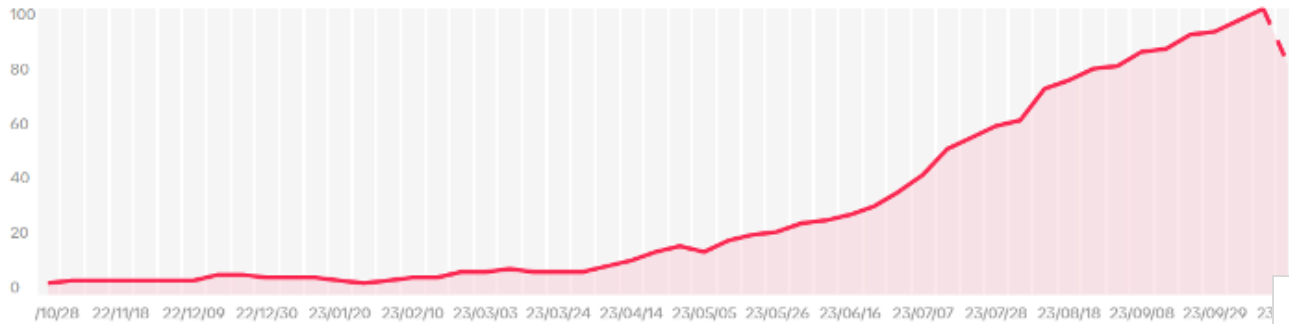
16B

Last 12 months, United States

152B

Overall

### Interest over time



### # freeshipping

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### Insights

Last 3 years

United States

Posts

92K

Last 3 years, United States

718K

Overall

Views

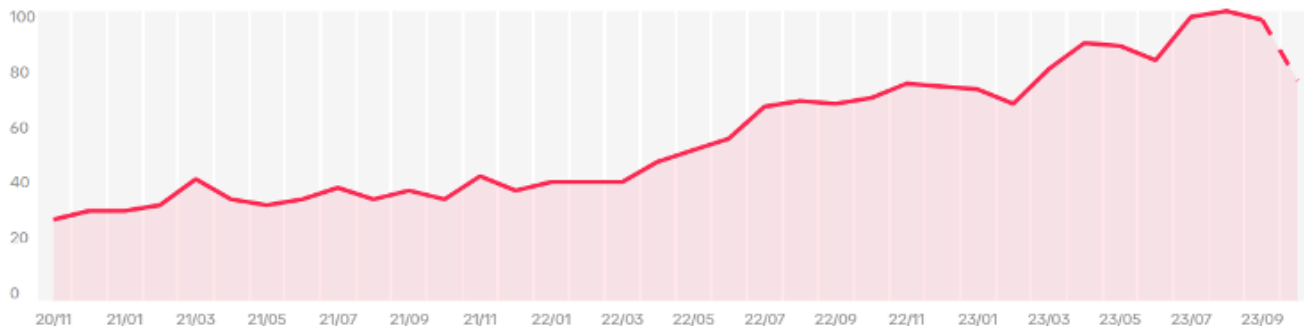
260M

Last 3 years, United States

3B

Overall

### Interest over time



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– with its revenue in China growing only 25% last year, a significant drop from pandemic-era growth of 68% in 2021 and 105% in 2020. Ironically should TikTok's owned e-commerce plans prove to be successful, it would only heighten the U.S. regulatory and legal pressures calling for the divestment of its US business.

TikTok's investment in making its e-comm aspirations a reality in the US is significant and despite its lack of adoption to date, highlights how far the company is willing to invest to make them a reality. It is already pulling out all the stops for TikTok Shop – offering merchants free listings, free shipping, zero commissions, and warehouse space, with deep discounts to consumers – and it's likely to continue to pull any levers necessary to drive consumer buy-in, especially given the success of Chinese retailers Shein and Temu.

As TikTok looks to replicate the U.S. success of its Chinese rivals and appear as a dominant player and direct competitor to Amazon and Walmart, here are some primary implications and predictions of its impact on the e-commerce and retail landscape.



## Four Implications for US Brands and Retailers – Should TikTok Shop Shopping Center be Successful

While TikTok has famously struggled to find its e-comm footing in the US, it's a matter of when – not if – it will unlock the buying power of its audience for its own benefit. Where TikTok faltered in its initial US e-commerce strategy based on its Chinese users' preference for livestreams, its next big bet on Chinese merchants gives them a distinct advantage, since they already have a fashion use case in Shein and a DTC copycat in Amazon.

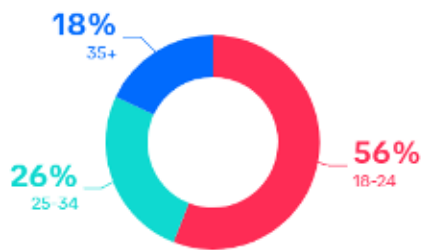
- **TikTok unlocks social commerce adoption for fashion, beauty – driven by GenZ:** If the popularity of Shein is any indication, TikTok's e-commerce power now lies in its ability to leverage an e-comm trained algorithm to convert on #TikTokMadeMeBuyIt moments faster than any 3P seller. Shein and Amazon's success in fashion and beauty also underlies the fact that TikTok doesn't necessarily need to rely on big brands to drive credibility if products from its

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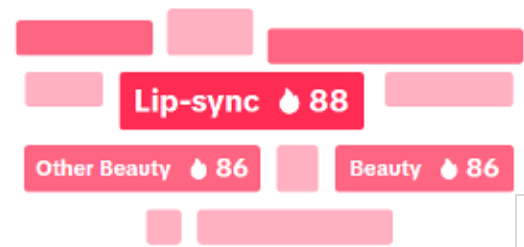
With the exception of Amazon and Sephora, most e-commerce experiences have only just evolved from a catalog grid. TikTok's ability to connect the data dots across consumers' media and buying preferences to deliver a personalized commerce layer across its feed (and beyond thanks to a new out-of-phone OOH distribution partnership) positions it as a force to be reckoned with for retailers and brands alike.

### #TikTokShop Audience insights (United States) 📌

Age range 📌



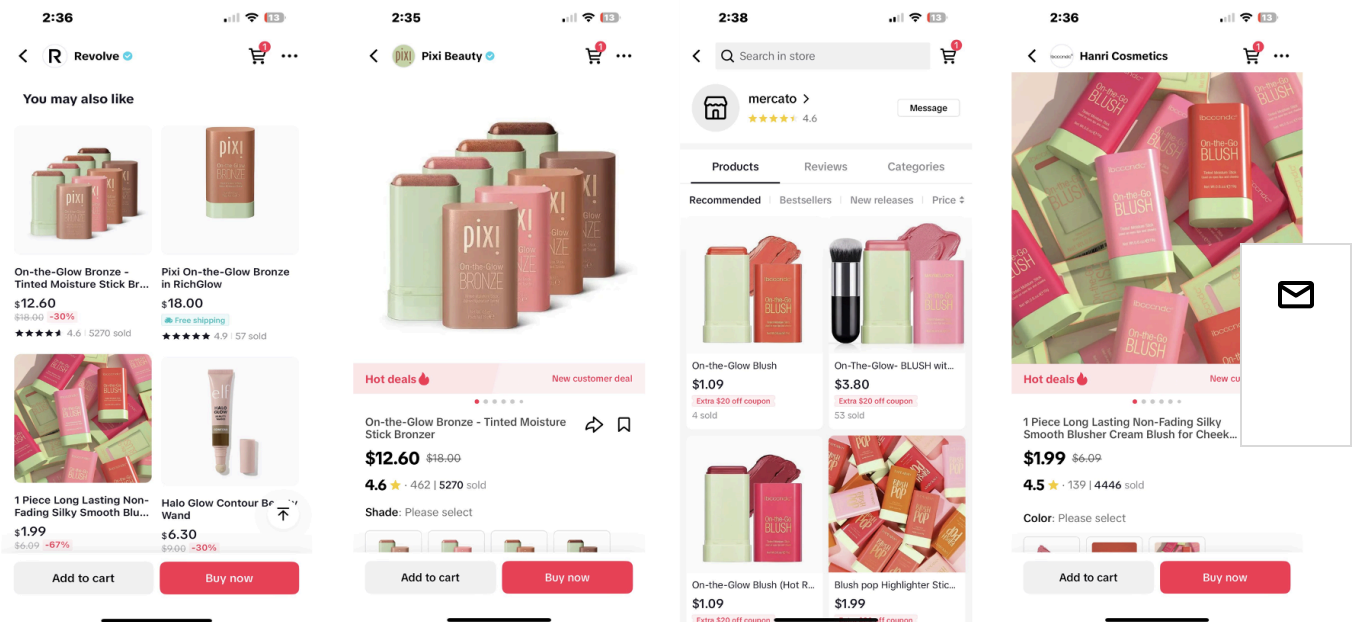
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- TikTok rivals Amazon as a triple threat across media, advertising, and e-commerce:** Powered by a wealth of personalized consumer data across media, advertising, and purchase behaviors, TikTok's algorithm could deliver a more intuitive shopping experience unlike one we've seen before from social media and e-comm leaders (think its own commerce layer across its shortform video experience). Unlocking the algorithm's commercial power may mean that instead of seeing ads and product recommendations for goods consumers already bought, TikTok can sell its audience products they didn't even know they wanted (and we could argue they're doing this for retailers already).
- TikTok gives priority and advantage to its Chinese Merchants – further alienating 3P Sellers and Advertisers.** While brands and retailers could benefit from a commerce-and-content algorithm – the house always wins. TikTok will take a page from Amazon's playbook, where private label brands benefit from an unfair, "home court" advantage in the marketplace including higher visibility,

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We anticipate TikTok will prioritize its own products on the digital shelf, increasing SOV and prioritization in-feed and search results, and that it will leverage data from other sellers to inform Merchants' merchandising strategy – something all US sellers should consider as a risk before connecting their product catalogs to TikTok Shop or more dynamic ad opportunities. If this Amazon-inspired strategy is any indicator, it's worth noting that despite these tactics, Amazon private label GMV is still underperforming and doesn't contribute meaningfully to their bottom line.



- Advertisers shift more media budgets to influencer and other social platforms – and Creators become more effective marketing partners.** As it becomes more expensive for brands and retailers to compete for SOV against TikTok "private label" products, we can expect brands and retailers to seek out more effective and efficient investment opportunities through TikTok creators – a move that also supports owned data integrity and continues to be at the center of TikTok's success. Should TikTok pursue a more aggressive strategy as a direct brand and retail competitor, we can also expect a re-balancing of advertising investment across social networks to more brand-safe platforms. Given their collective dependencies on ad revenue, it's unlikely that Meta, YouTube, Snapchat, Pinterest will have ambitious e-commerce aspirations.

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(mediapost.com)

- [Inside TikTok’s Amazon-inspired flywheel strategy to boost social commerce - Insider Intelligence Trends, Forecasts & Statistics \(emarketer.com\)](#)
- [TikTok Launching E-Commerce Business Competing With Shein And Temu, Report Says \(forbes.com\)](#)
- [TikTok Wants to Sell Made-in-China Goods to Americans - WSJ](#)



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