

# Square hitches its wagon to an ecommerce star with TikTok tie-up

Article

**The news:** Square partnered with TikTok to let its merchants promote and sell through the short-form video app, which recently hit **1 billion monthly active users**, per a press release.

- TikTok for Business users can set up free Square Online stores.

- Square Sellers can sync their store catalogs to TikTok in dedicated shopping tabs on their profiles.
- They can also include product links in content that directs buyers to their Square Online stores.
- Sellers can also run ads using TikTok Ads manager.

**Why it's worth watching:** Social commerce is booming, and growth won't slow down anytime soon—**US retail social commerce sales are expected to grow 35.8% year over year (YoY) in 2021, hitting \$36.62 billion, per [our](#) forecasts.** Sales are expected to top **\$45 billion** next year.

TikTok is quickly becoming one of the top selling destinations thanks in part to its large base of users, the many of whom are Gen Z and millennials: **48% of US TikTok users are between 18 and 29 years old, [per](#) Pew Research Center.** And Gen Z and millennials possess nearly **\$3 trillion in spending power, [according to](#) YPulse**—so retailers and ecommerce providers are running to take advantage of their revenue-generating opportunity.

- In December 2020, **Walmart [hosted](#)** a livestreaming shopping event on TikTok.
- **Shopify** has had a long-standing relationship with the video app—the ecommerce provider recently **[launched](#)** a pilot program that lets merchants enable more shoppable content on TikTok.

Social commerce is booming beyond TikTok as well—Square's rival **PayPal** recently **[forged](#)** a partnership with “link in bio” social media service **Linktree** to let creators take direct payments on Linktree globally.

**The opportunity:** TikTok opens the door for Square to sustain the dramatic **[growth](#)** it reported last quarter.

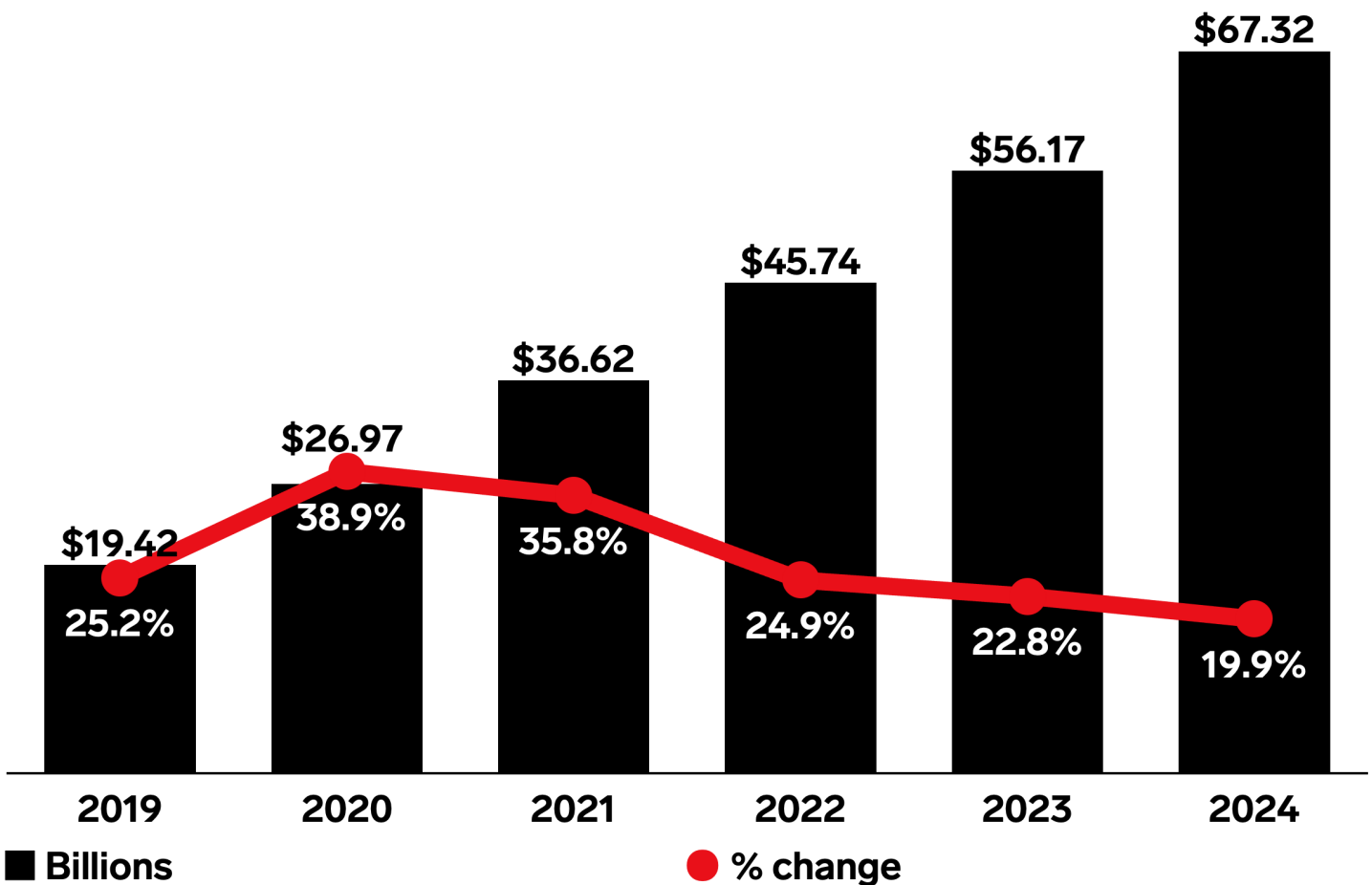
- **The TikTok tie-up creates a merchant acquisition opportunity.** Merchants using TikTok for Business may be inclined to set up a Square Online store to open up a new channel to maximize their sales potential. And new sellers let Square reach more customers. It also presents an upsell opportunity—new merchants might be interested in using Square's other online or brick-and-mortar solutions.
- **And it should also help Square boost payments volume and revenues.** As an increasingly attractive shopping destination, Tiktok will likely give Square a jump in gross payment volume,

which **surged 88% YoY in Q2**. Square's merchant upsell opportunity will likely also cushion revenues, which hit **\$4.68 billion last quarter, a 143% YoY increase**.

***Related Content:*** Check out our [\*\*\*“Social Commerce Forecasts 2021”\*\*\*](#) report for a look at the industry's history, opportunities, and challenges—and where it might be headed next.

# Retail Social Commerce Sales

US, 2019–2024



Note: Includes products or services ordered via social networks, such as Facebook Marketplace, Instagram Checkout, WeChat Mini Programs, Line Shopping, VK Market, and others, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments, such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales. Includes products or services ordered by buying directly on the social platform or through clicking links on the social network that lead to the retailer's product page with an immediate purchase option (Facebook Marketplace, WeChat Mini Programs, etc.). Also includes transactions that were agreed on

*social platforms initially but payment took place elsewhere, such as PayPal (e.g., C2C transactions on Facebook Marketplace).*

*Source: eMarketer, May 2021*

*Methodology: Estimates are based on the analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers and social network companies, consumer online buying trends, and macro-level economic conditions.*

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