

TikTok is moving the needle on social commerce

Article

The overview: [US social commerce sales](#) will surpass **\$100 billion** by 2025, per our forecast, thanks to rising adoption from Gen Zs, increased spending from existing buyers, and TikTok's well-funded efforts to increase sales on its platform.

TikTok takes the spotlight: TikTok dominated the social commerce conversation this year. While other platforms stepped away from their plans to sell directly to users, TikTok leaned in: The company officially launched its ecommerce marketplace TikTok Shop in September, and is spending big to build out its own logistics network to boost appeal to both buyers and sellers.

- While it's early days yet, TikTok is finding success in categories like personal care and beauty, which accounted for roughly 85% of TikTok Shop sales in September, per NielsenIQ.
- The company hoped to generate more than \$10 million in daily US shopping volume by the end of the year, although as of August that number stood at roughly \$3 million to \$4 million, per The Information.
- But TikTok faces serious growing pains, including the proliferation of counterfeit products on its platform as well as a reliance on ultra-cheap goods from China. While the latter is not necessarily a deal-breaker for shoppers given the meteoric rise of **Shein** and **Temu**, the former could seriously hurt its standing among consumers and keep merchants from signing on.

An alternative approach: While TikTok looks for ways to sell more products to users directly, other social platforms are taking the easier path by focusing on shoppable ads.

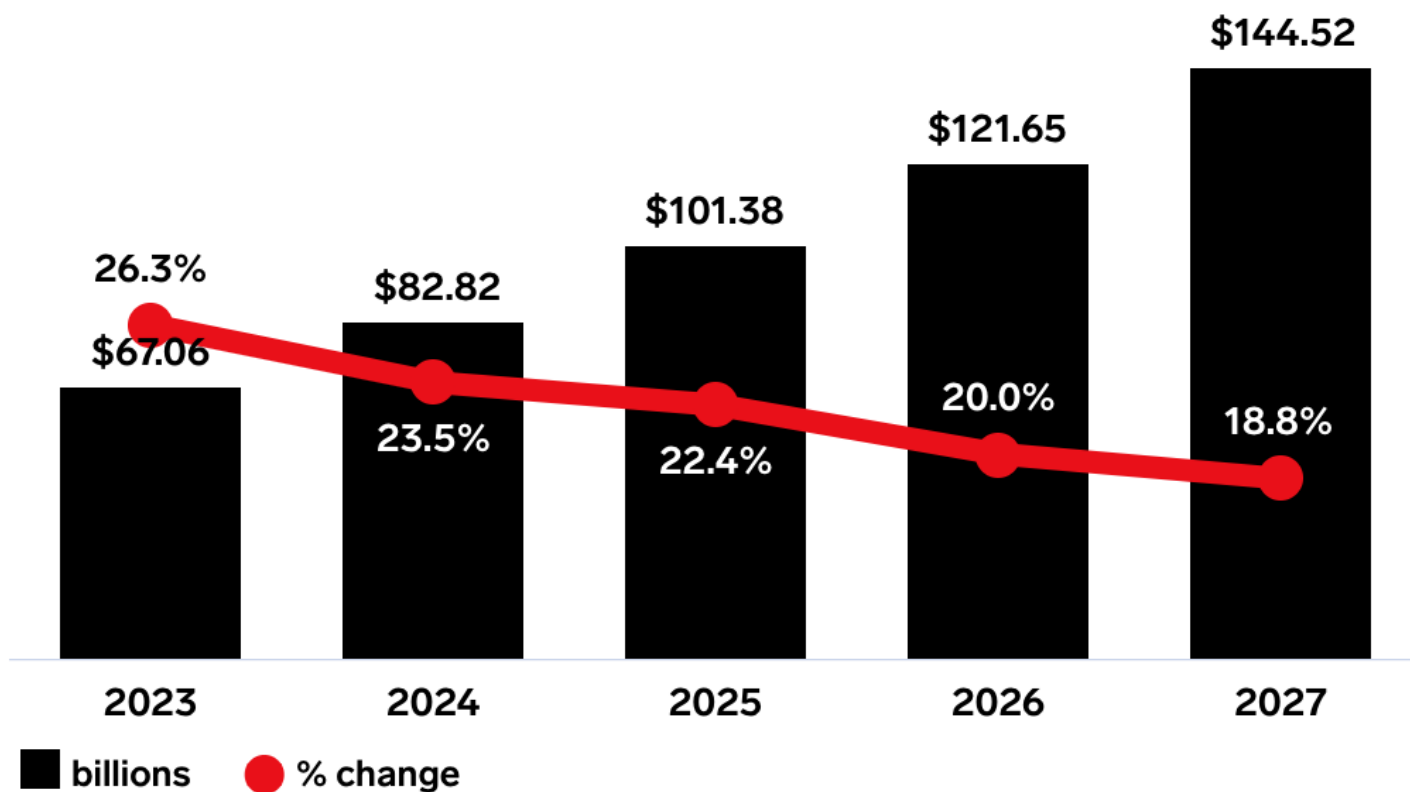
- That strategy paid off for **Pinterest**, which saw ad revenues rise 11% in Q3 as brands and retailers looked for ways to connect with consumers during the product discovery process. While the platform does, like TikTok, have a native checkout option, chief revenue officer **Bill Watkins** told AdExchanger that the company is not pursuing direct commerce at the moment as users much prefer purchasing from retailers directly.
- **Meta** is also focusing on shoppable ads while outsourcing the commerce element. The platform's recent partnership with **Amazon** gives **Facebook** and **Instagram** users the ability to purchase items from the retailer's site without leaving their feeds, essentially marrying the social company's strength in discovery-based advertising with Amazon's vast retail infrastructure.
- Both Pinterest and now **Snap** have similar partnerships in place, which could shake up the social commerce landscape at TikTok's expense.

Looking ahead: While social commerce sales are growing at a rapid clip, that growth owes more to increased spending from existing social buyers rather than a significant increase in the number of people shopping on social media.

- Of all the social platforms, TikTok arguably has the greatest chance of boosting social commerce adoption, given its popularity with Gen Zs (who are more likely than older generations to shop on social media) and sister company **Douyin**'s success in China.
- At the same time, it's unlikely that TikTok will ever truly be able to compete with major retailers like Amazon, given that it functions more as a place where shoppers can quickly get in on the latest viral trends rather than a destination for household essentials and other less exciting or bulk purchases.

Retail Social Commerce Sales

US, 2023-2027



Note: includes products or services ordered via social networks and messaging apps, such as Facebook, Instagram, Pinterest, WeChat, Line, VK and others, regardless of the method of payment or fulfillment; excludes cash transactions, travel and event tickets, tips, subscriptions, payments, such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales

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