

Brands deepen TikTok Shop investment despite ban threat

Article

The trend: Brands continue to invest in **TikTok Shop**, despite the growing threat of a ban.

- **Rare Beauty** and **e.l.f. Beauty** are among the companies launching high-profile collaborations with the social platform to boost sales.

- “Brands are still pumping money into it,” **Jess Hunichen**, cofounder of influencer talent agency Shine Talent Group, told Business of Fashion, noting that companies have yet to adjust their strategies in response to TikTok’s political woes.

The rationale: There are several reasons for brands’ seeming complacency.

- **ByteDance’s [deadline to sell TikTok](#)** or shut the app down feels like a long way off. Brands have nearly nine months until the official day of reckoning—January 19th—and even that is likely to be deferred by lengthy legal challenges. That’s fueling companies’ determination to wring every drop of value they can from the platform.
- TikTok continues to be a valuable sales channel, especially for beauty and apparel brands. Hairstyling brand **Beachwaver** credits the platform with helping drive its 30% year-over-year growth in 2023, while nearly 10% of **Tarte Cosmetics’** online sales now come from TikTok Shop, per data from Nielsen IQ and Spate cited by BoF.
- For some brands, TikTok Shop has the potential to become one of their “biggest sales channels alongside **Amazon** and **Sephora**,” according to **Leslie Hall**, CEO of beauty paid social agency Iced Media.

The big picture: Brands are sticking with TikTok for now thanks to its unique potential to drive sales and boost awareness among key demographics. But uncertainty about the app’s future coupled with recent [changes to seller fees and incentives](#) could hurt its ability to onboard smaller sellers and effectively challenge Amazon.

- Higher fees, lower incentives, and a wave of copycat sellers quick to capitalize on viral product trends are eating into merchants’ profits and making it difficult to drive growth.
- Seller **Scott McIntosh’s** daily sales dropped to \$50, down from \$1,000 last year, while advertising costs have gone up and seller subsidies have been slashed, he told Modern Retail.
- Still, the platform is a channel that few brands can ignore, especially as [consumer spending shows signs of slowing](#).

Platforms on Which US Social Buyers Have Made a Purchase in the Past 12 Months, by Generation, March 2024

% of respondents in each group

	Gen Z (15-26)	Millennials (27-42)	Gen X (43-58)	Baby boomers (59-77)	Total
Facebook	23.4%	63.1%	67.0%	76.1%	60.9%
TikTok	67.1%	50.3%	28.7%	10.5%	35.5%
Instagram	50.9%	53.5%	30.5%	12.1%	34.3%
YouTube	24.8%	34.4%	29.1%	19.0%	26.4%

Note: n=1,207 (Gen Z n=222; millennials n=314; Gen X n=282; baby boomers n=389)

Source: EMARKETER Survey, "US Social Commerce," April 2024

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