

TikTok will invest big to continue its Southeast Asia growth

Article

The news: TikTok, under pressure in many world markets, is gearing up to invest billions of dollars in its home region of Southeast Asia, with a particular emphasis on Indonesia, CEO Shou Zi Chew announced at a recent forum in Jakarta.

- The investments will focus on **training, advertising, and aiding small vendors** to join its ecommerce service, [TikTok Shop](#).
- The platform had **\$4.4 billion** in transactions across Southeast Asia last year, a significant leap from \$600 million in 2021; in Indonesia, it will **eclipse 50 million users** this year (37% of smartphone users).

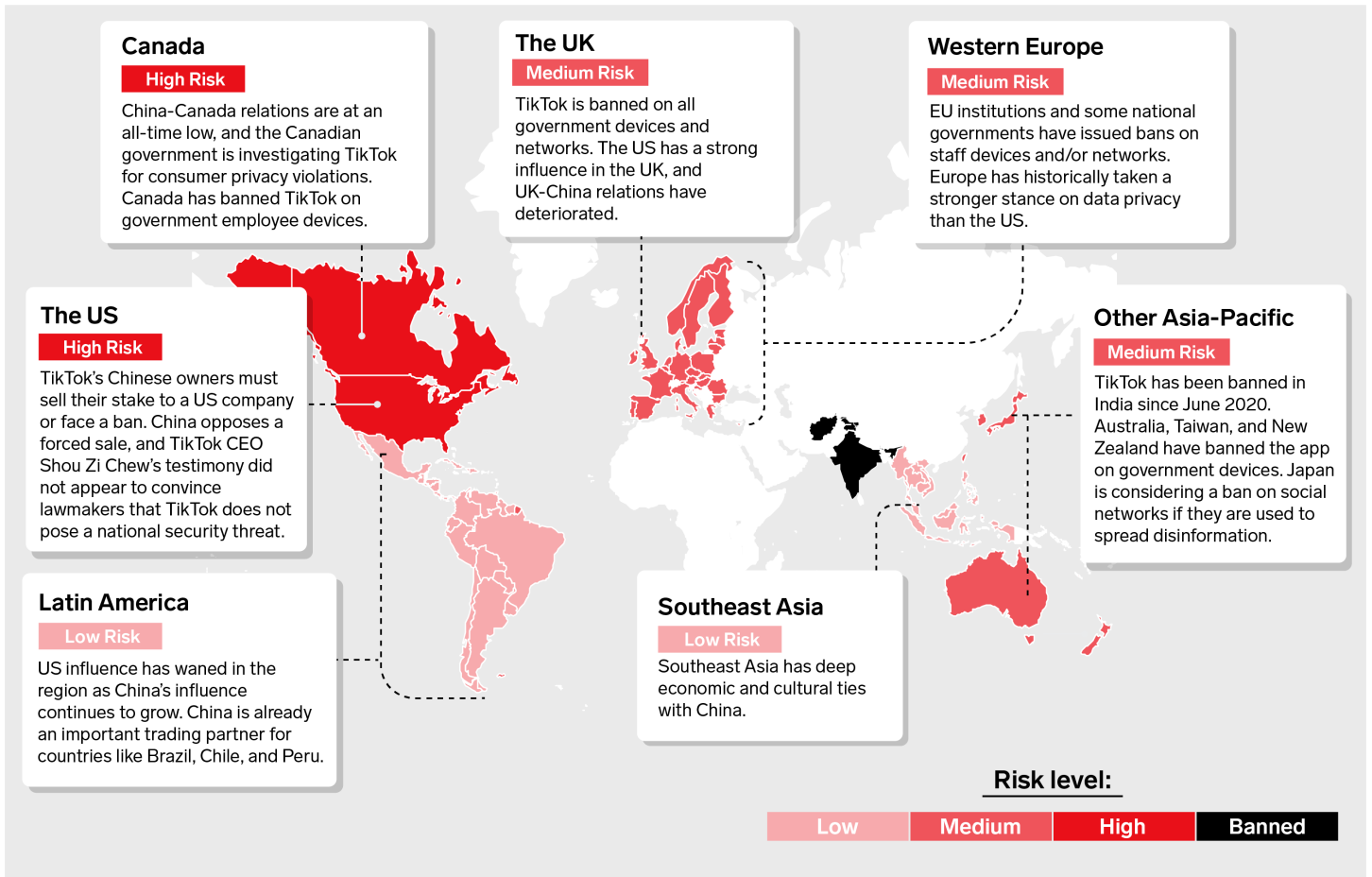
Why it matters: Southeast Asia is crucial for TikTok's expansion, with a young population of 630 million and accounting for over 325 million monthly visitors to the app.

- Investing in this region could help TikTok establish a stronger foothold in ecommerce and offset some of the scrutiny it has faced in the West concerning data security.
- However, the company is expanding in a competitive market, with giants like [Shopee](#) and [Lazada](#) already dominating the e-commerce space.

Our take: TikTok's investment strategy marks an ambitious attempt to diversify beyond its core competency in short videos and could prove fruitful given the region's demographics and growing digital economy.

- State-level bans in the US are [gaining steam](#); bans [remain on the table](#) in Japan, the UK, Germany, and France. Focusing on Southeast Asia should soften the blow somewhat should more bans go into effect. That said, the US accounted for [over half](#) of TikTok's 2022 ad revenues, so a US ban would still be catastrophic.
- TikTok is also looking to expand its [US ecommerce operations](#) and [livestream commerce](#) in the West—but these initiatives will take time to bear fruit. Again, leaning on Southeast Asia diversifies the company's risk portfolio.
- That said, navigating the intricate web of regulatory scrutiny and cutthroat competition will be critical for the platform's success in Southeast Asia. Whether TikTok Shop can replicate the success of its Chinese counterpart, [Douyin](#), remains to be seen.

Where Is TikTok at Highest Risk of Getting Banned?



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