

TikTok Shop struggles to attract US merchants

Article

The news: TikTok's fledgling shopping service TikTok Shop is struggling to attract US merchants to its platform, per The Information. The service enables sellers to set up storefronts on their TikTok profiles to allow users to buy without leaving the app or using a pop-up browser.

- When TikTok **launched** Shop in November it had several hundred registered merchants. But **as of last month, there were fewer than 100 US retailers actually selling goods on the platform.**

- While a TikTok spokesperson told The Information the US version of Shop is still in testing, there is a publicly available landing page that states US sellers can be approved to begin selling within a single day.

Why Shop isn't clicking: Many US retailers are reluctant to invest time and resources in the platform given the growing likelihood that TikTok will either be **banned** or forced to sell, said **Suzy Davidkhanian**, Insider Intelligence vice president of content, retail and ecommerce.

- “There are so many marketplaces, social platforms, and white-label delivery services that retailers can sell on that they have to be strategic about which to invest in,” she said. “They have a tough enough time maintaining inventory visibility between their online and offline businesses. There would be no economies of scale if they used the services offered by each platform.”
- Meanwhile, TikTok limited the US version of Shop to sellers who are US residents or businesses registered in the US, which means the overseas merchants that account for a large share of SKUs on **Amazon**, **Walmart**, and other platforms can't sell on the platform.
- Of course, TikTok could open up the US version of Shop to foreign sellers. It already allows cross-border sellers on other versions of its service, including in the UK, Vietnam, Malaysia, and Singapore.

The broader context: TikTok's push into social commerce makes sense given the way in which its platform has become enmeshed in the lives of consumers—particularly Gen Z.

- For example, **more Gen Z consumers (43%) start their online product searches on TikTok than on Google or another search engine**, **per** Jungle Scout's Q1 2023 Consumer Trends Report.
- However, several other platforms have similarly sought to evolve into social commerce before pulling back due to a lack of interest. For example, **Meta** last year **pulled back** on several social commerce features, including **Instagram's** Shop tab, as it sharpened its focus on driving advertising revenues.

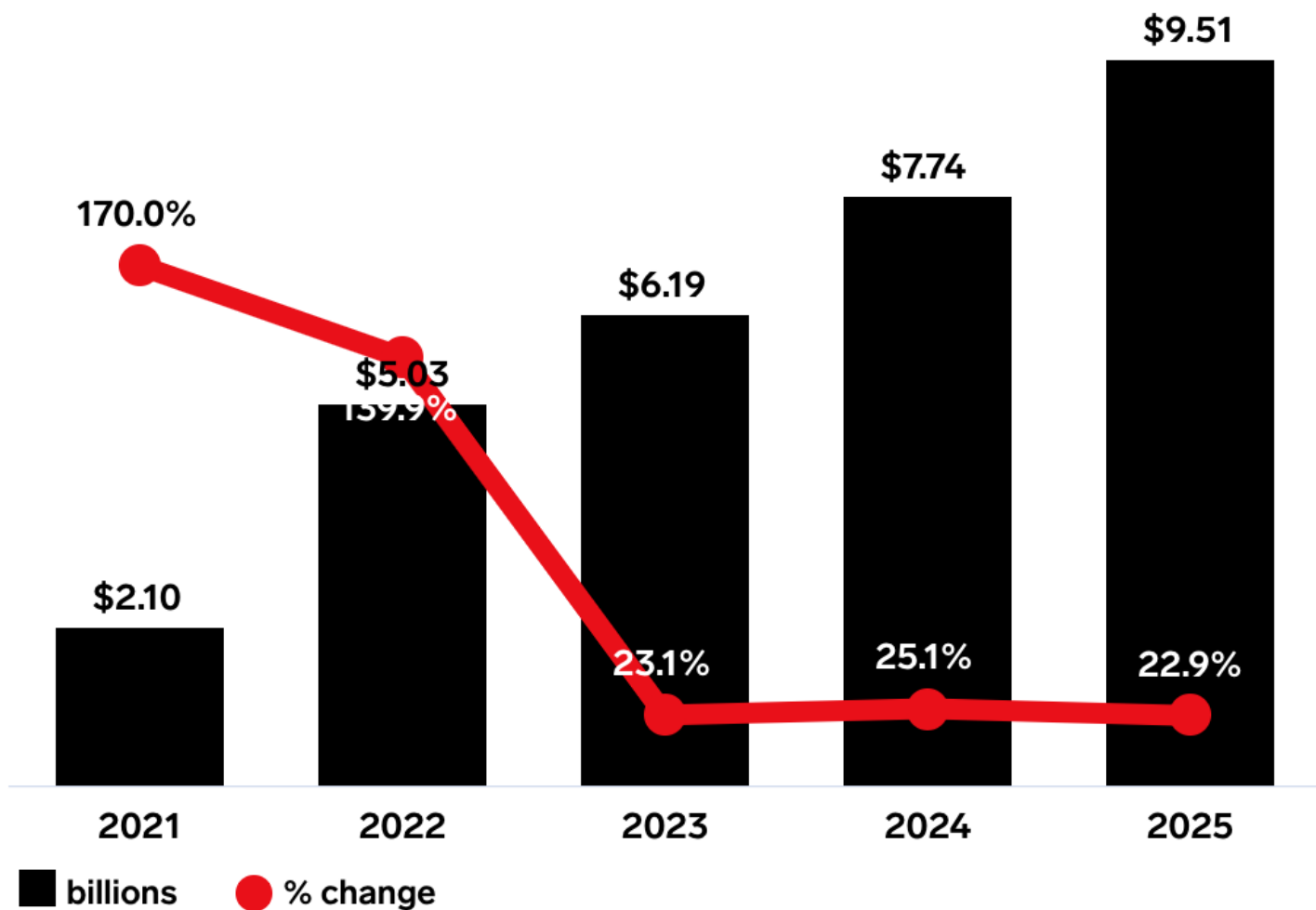
The big takeaway: TikTok faces an uphill climb to attract more sellers.

- It first needs to mollify sellers that TikTok (and TikTok Shop) will remain (relatively) the same in the near future to convince them to invest in its shopping platform.

- Even if it manages to do that, it also has to find ways to drive significantly more sales so that Shop becomes a “must-have,” rather than “nice-to-have” tool.
- Given those challenges, it seems far more likely that TikTok will eventually look for ways to continue building its advertising business. Our [US TikTok forecast](#) expects the company’s advertising revenues will grow over 23% this year.

TikTok Ad Revenues

US, 2021-2025



Note: paid advertising only; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes payments to influencers or other creators to produce sponsored content; includes branded content amplified as paid media

Source: eMarketer, March 2023

eMarketer | InsiderIntelligence.com

Go further: Read our [How to Prepare for a Possible TikTok Ban](#) report.

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