


TikTok will drive social commerce growth in 2023

Article

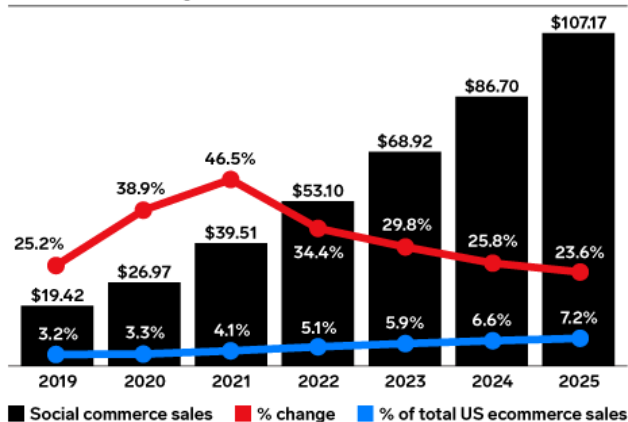


The stats: Social commerce sales grew 34.4% this year to \$53.10 billion, per our forecast, as more people shop on social media and existing buyers spend more.

- We expect social commerce sales to grow by over 20% over the next three years to reach \$107.17 billion by 2025.
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US Retail Social Commerce Sales, 2019-2025

billions, % change, and % of total US ecommerce sales



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 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

Source: eMarketer, July 2022

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eMarketer | InsiderIntelligence.com

What major players are up to: Social platforms have been busily adding to their social commerce features over the past year as they look for revenue streams to make up for losses stemming from **Apple's** privacy changes. But a downturn in ad spending has forced several companies—most notably **Meta**—to downsize their commerce ambitions.

Meta cuts back. While **Facebook** and **Instagram** attracted the majority of social commerce buyers this year—63.5 million and 41 million respectively—Meta's ecommerce initiatives largely **failed to bear fruit**.

- Facing an unprecedented decline in ad revenues, Meta decided to sunset some of its direct commerce features, including **live shopping on Facebook** and **Instagram's Shop tab**, and focus instead on shopping-related advertising.

Pinterest finds a way forward. Pinterest has become a valuable platform for retailers because of the role it plays in driving trends and product discovery, which also gives it valuable insights into purchase intent.

- Pinterest's commerce initiatives over the past year have included a shopping API to let merchants sync their catalogs to the platform, personalization advancements to surface more relevant results for users, a **hosted checkout** feature, and **AR try-on tools** for furniture and decor.

- Those investments helped make Pinterest an increasingly attractive place for advertisers, as well as make it the rare social media platform to report an [increase in revenues](#) in Q3.

TikTok comes into its own. The number of **US TikTok buyers grew by 72.3% this year to 23.7 million**, surpassing Pinterest for the first time, as the company transforms from a discovery vehicle to a shopping platform.

- Over the past year, TikTok made its platform more shoppable by adding ad formats, [rolling out its Shop feature](#) to US merchants, and [partnering with TalkShopLive](#) for livestream commerce. The company is also planning to [open fulfillment centers](#) in a bid to establish itself as an end-to-end commerce platform.
- By expanding its in-app commerce initiatives, TikTok—and retailers—will be better positioned to capitalize on the #TikTokMadeMeBuyIt phenomenon, which continues to generate billions of views.

The outlook: With Meta shifting its focus to commerce-related advertising over direct sales, the door is wide open for TikTok to become a dominant player, although it will have fewer social buyers than Facebook and Instagram until at least 2025.

However, we expect buyer growth to slow significantly over the next few years as the pandemic boost fades, and economic uncertainty and lack of trust in social media platforms deter users from making purchases.