

The battle between Amazon and TikTok is heating up

Article

The news: Amazon is pushing deeper into social shopping as it tries to nip TikTok's ecommerce ambitions in the bud. The retailer announced a partnership with **Snap** to allow users to purchase products from ads without leaving **Snapchat's** app, mere days after unveiling a [similar deal with Meta](#).

- Snap users—like **Facebook** and **Instagram** users—will be able to see estimated delivery times, Prime eligibility, and real-time pricing within the ad.

Amazon moves in: In addition to giving shoppers more opportunities to purchase with Amazon, the deals with Snap, Meta, and **Pinterest** give the retailer a chance to redefine its role in the ecommerce landscape.

- While most consumers currently go to Amazon when they have a specific product in mind or need something fast, a larger social media presence could put the retailer in a position to unlock more revenues from impulse purchases—which happen to be the primary drivers for TikTok Shop’s growth.
- Amazon has already made several (largely unsuccessful) efforts to boost engagement with its own app by adding social features, including a TikTok-like feed and the ability to consult a friend.
- But while changing the way people interact with Amazon on its own channels is proving to be a tall order, the partnerships with Snap and Meta give the retailer an opportunity to reach a larger audience of engaged users who are more receptive to discovering new products and brands—giving both its advertising and retail businesses a healthy boost.

TikTok catches up: Just as Amazon pushes deeper into social media, TikTok is horning in on Amazon’s turf by building a logistics network that it hopes will make TikTok Shop more attractive to buyers and sellers alike.

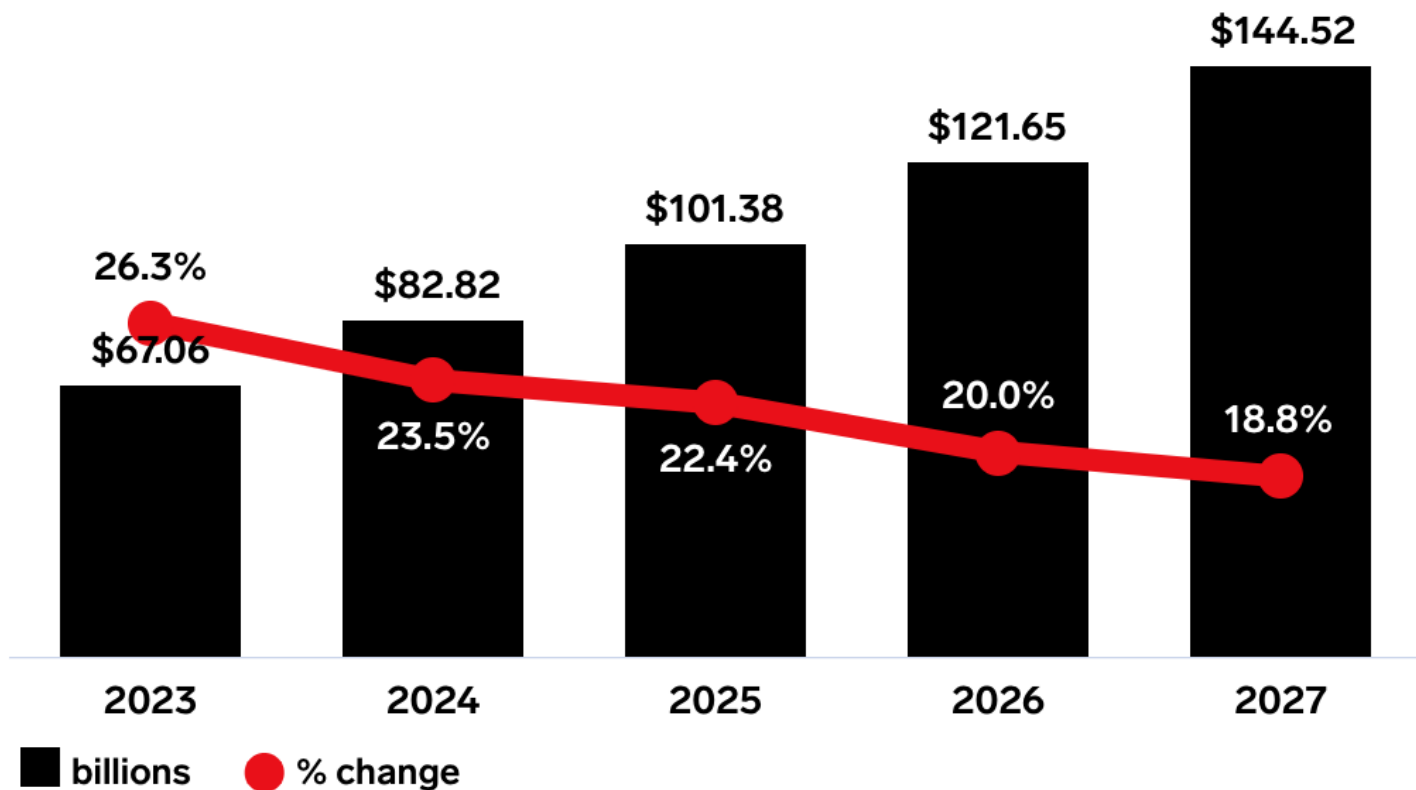
- To speed up the process, the social platform is relying on partnerships with logistics companies like **ShipBob** and **Newegg**, which handle warehousing, packaging, and shipping for ecommerce orders placed through TikTok Shop., according to The Wall Street Journal.
- So far, those partnerships have made life easier for merchants and shopping on TikTok Shop more reliable—at least from a delivery standpoint—for consumers.
- But TikTok’s biggest problem is turning out to be policing the products for sale on its marketplace. Not only is the proliferation of counterfeits hurting TikTok Shop’s standing with consumers, it’s also raising questions about the company’s reliance on influencers to drive sales, many of whom may be (inadvertently) hawking fake or low-quality products in exchange for a slice of the proceeds.

Looking ahead: While TikTok is unlikely to make a serious dent in Amazon's ecommerce market share, the retailer is taking steps to ensure it can maintain its dominant position among Gen Z and younger consumers, who are more likely to adopt social commerce.

- Amazon's deals with Snap and Meta, along with Pinterest, could end up shifting the social commerce landscape by enhancing those platforms' reputations as shopping destinations—potentially at TikTok's expense, if the company can't figure out a way to clean up its marketplace.

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

Source: Insider Intelligence | eMarketer, September 2023

Insider Intelligence | eMarketer