

TikTok to spend billions in SE Asia as e-commerce move pays off

June 15 2023



TikTok CEO Shou Zi Chew said the company would invest billions into Southeast Asia.

TikTok's chief executive said Thursday the company would pour billions of dollars into Southeast Asia in the coming years, as a report showed its

nascent venture into online shopping is paying off.

The popular video-sharing app's [e-commerce](#) affiliate has gained a substantial market share in the region just a year after its launch.

"We're going to invest billions of dollars in Indonesia and Southeast Asia over the next few years," Shou Zi Chew told a forum in Indonesian capital Jakarta.

"From a humble team of about 100 people, we now have nearly 8,000 employees in Southeast Asia."

Chew said 125 million Indonesians comprised the majority of the app's 325 million Southeast Asian users every month and more than two million sell their wares on TikTok Shop in Indonesia, the region's biggest economy and most populous nation.

Users sell a range of tech, fashion, homemade products and other goods on the platform.

Chew's comments came as Singapore-based consultancy Momentum Works released a report Thursday detailing how TikTok Shop capitalised on legions of users to expand its business in 2022 after testing the waters in Indonesia a year earlier.

While it lagged older rivals Shopee and Lazada, TikTok Shop posted the fastest growth rate, expanding its gross merchandise value (GMV)—the total value of goods sold, including canceled, returned and refunded orders—sevenfold to \$4.4 billion last year from just \$600,000 in 2021.

"You can think of it as TikTok already having a captive audience coming onboard for entertainment trying different means to convert them and their attention into purchase and GMV," Weihan Chen, head of insights

at Momentum Works, told AFP.

From Indonesia, TikTok Shop "aggressively expanded into five additional Southeast Asian markets, many of which boasted large populations of TikTok users" and invested to improve its e-commerce capabilities, Chen added.

TikTok is owned by Chinese technology giant ByteDance.

'Game changer'

Overall, the GMV of the region's nine top e-commerce platforms was valued at almost \$100 billion in 2022, up 14 percent on-year, led by Singapore-based Shopee and Lazada, a subsidiary of China's Alibaba Group.

Shopee, a unit of Singapore's Sea Ltd, accounted for \$47.9 billion of that, a 13 percent increase, the report said.

Lazada was at a distant second with \$20.1 billion, down from \$21 billion in 2021.

Indonesia remains Southeast Asia's largest e-commerce market, accounting for 52 percent of the region's total GMV.

The return of offline shopping after COVID-19 restrictions were lifted led to a moderation in e-commerce sales, but it is expected to continue growing, the report said.

It noted that the region may benefit from Chinese brands and manufacturing firms expanding into other countries as they reduce reliance on the US market and escape rising competition at home.

"That might be a real game changer for Southeast Asia's e-commerce landscape, which has for a long time suffered from a lack of variety of goods," it said.

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Citation: TikTok to spend billions in SE Asia as e-commerce move pays off (2023, June 15)
retrieved 3 May 2024 from

<https://techxplore.com/news/2023-06-tiktok-billions-se-asia-e-commerce.html>

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