

TikTok Shop launches in the U.S. as the company bets big on e-commerce

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After months of testing, TikTok is fully launching its e-commerce

product in the U.S. in an effort to translate the app's cultural relevance among young consumers to sales.

The company said Tuesday its shopping wing, called TikTok Shop, will include several features such as a "Shop Tab," a marketplace its been testing on the app since August; affiliate videos in user's feed that allows creators to earn commissions from products; as well as a logistics arm called Fulfilled by TikTok that stores and ships products for merchants.

Currently, TikTok spokesperson Laura Perez said more than 200,000 sellers have registered for TikTok Shop. Meanwhile, over 100,000 [content creators](#) are participating in the affiliate program, which allows users who have 5,000 followers to create videos that go directly to TikTok's algorithmically-engineered "For You" feed.

The Shop Tab, where products from TikTok's marketplace are listed, is now available for 40% of users on the app's home screen. The feature will be rolled out gradually until its available for the app's 150 million U.S. users by early October, Perez said.

Shopping on social sites, known as social commerce, is estimated to be a \$69 billion market in the U.S., led by Meta, which owns Facebook and Instagram, according to Insider Intelligence. ByteDance, the Beijing company that owns TikTok, already runs a thriving [social media](#) marketplace on Douyin, its twin video app for the Chinese market. This year, Insider Intelligence had projected 33 million U.S. consumers to make a purchase on TikTok, which has a lock on product discovery with popular hashtags like #TikTokMadeMeBuyIt.

TikTok said it will continue to offer live shopping, a big moneymaker in Asia that hasn't picked up steam among U.S. shoppers as the company had hoped. Earlier this year, Meta owned Instagram removed a live shopping feature from its app. It also dropped a shop tab from the app's

navigation bar, a significant pull back in its e-commerce ambitions.

"No social app has really been able to master e-commerce in the U.S.," said Jasmine Enberg, a social media analyst at Insider Intelligence.

"TikTok clearly has really ambitious goals, a roadmap in China and it can afford to take some losses along the way. But TikTok Shop is still an unproven investment, which will make it a tougher sell for particularly established brands in the U.S."

TikTok does have a few things working for it, namely that it caters to a young consumer base whose retail habits are still being formed. It also has an army of creators who produce an endless amount of content daily that's tailored algorithmically for users, Enberg said.

But Enberg noted the company can't rely on its technology alone to change U.S. consumer behavior, which in addition to an apathetic response to live shopping, hasn't really been embracing in-app purchases on social media.

Already, TikTok's push into e-commerce has received some criticism amid media reports that users are encountering dubious products and brands that have been kicked off Amazon for faking customer reviews. A brief glance at its marketplace on Tuesday showed a host of products ranging from cheap electric eggbeaters to edible items from small businesses, as well as resellers offering Chips Ahoy! Cookies for \$8.99. Some verified brands, like the phone case designer OtterBox and makeup company Benefit Cosmetics, have also listed their products.

The e-commerce platform is being launched as TikTok continues to negotiate with the U.S. government over its future in the country. Critics have levied accusations that the social media giant could be a tool for China's government to surveil Americans. The company said TikTok shop will offer a secure checkout process and that all of its U.S. user

data is stored and managed by servers maintained by the software giant Oracle.

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