

ByteDance's ecommerce expansion goals will put the budding US social commerce market to the test

Article

The news: TikTok owner **ByteDance** is reportedly looking to launch an international ecommerce platform, per job postings reviewed by **Insider**.

What we know: This venture will be separate from TikTok's ecommerce partnerships with big names like **Shopify** and **Walmart**.

- Those tie-ups let sellers reach customers through TikTok, but sellers can't set up shop directly on the app—yet.
- The new job postings indicate ByteDance is now looking to let independent merchants sell through a company-built platform.

The platform will likely be focused on cross-border retail—primarily, shipping Chinese goods to other markets like the US.

- Per our **forecast**, cross-border ecommerce is steadily growing in popularity in the US, with 64.7 million people ages 14 and older taking part in it this year—more than a fifth (23.3%) of the population.

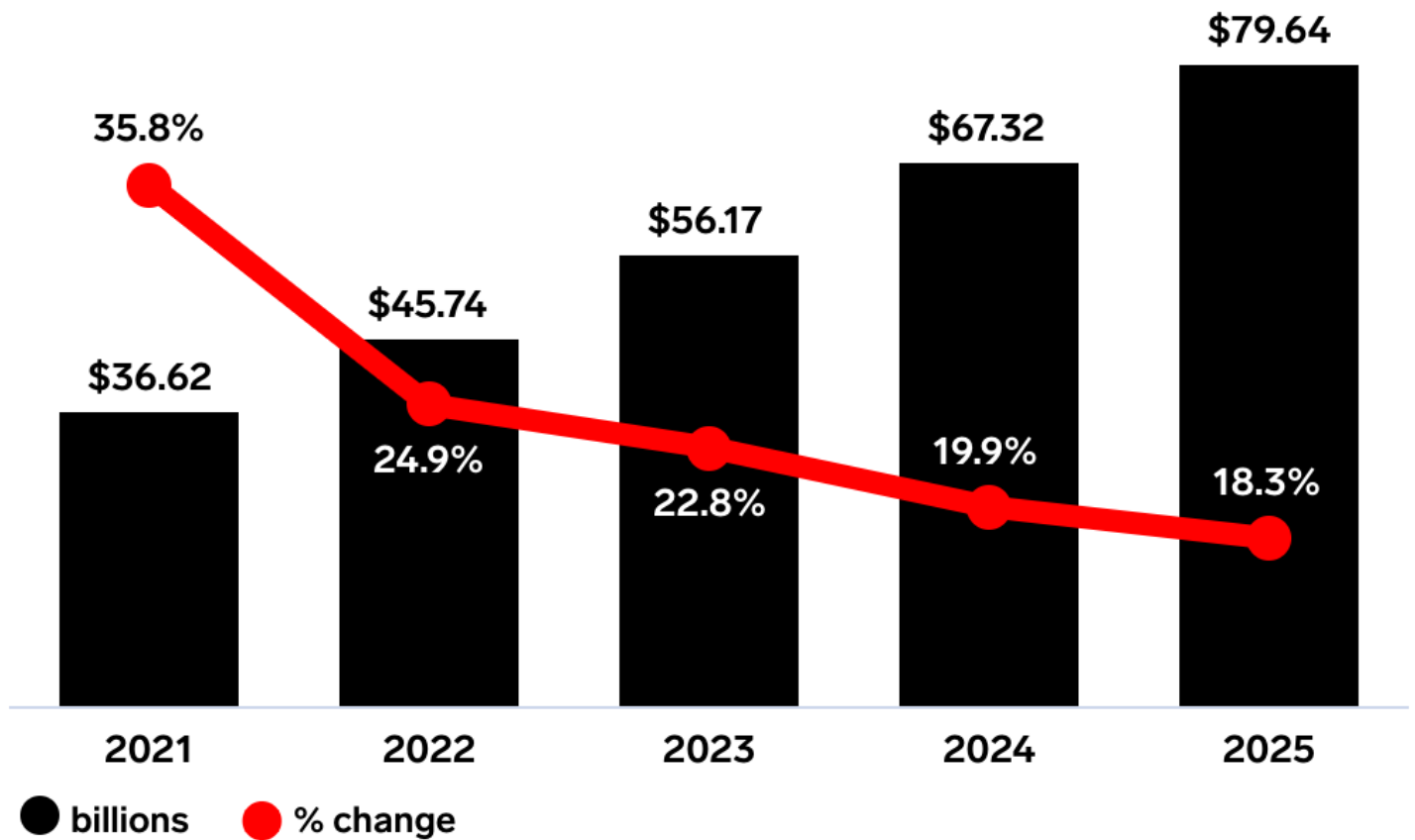
What we don't know: So far, it's still unclear whether the platform will be standalone or integrated into the TikTok app. Either approach would have different implications:

If the platform was integrated into TikTok proper, it would be the culmination of ByteDance's long-standing effort to establish itself as a leader in the US social commerce space.

- **Douyin**, TikTok's Chinese counterpart, already has a strong domestic ecommerce presence. The next logical step for ByteDance would be to take the lessons it has learned in the developed Chinese social commerce space and apply them to growing markets like the US.
- For context, we expect that US social commerce sales will **grow** by 35.8% this year to \$36.62 billion.

Retail Social Commerce Sales

US, 2021-2025



Source: eMarketer, May 2021

eMarketer | InsiderIntelligence.com

On the other hand, launching a standalone platform may be necessary if ByteDance wants to transcend social commerce altogether and compete with the ecommerce giants of the world.

- Though social commerce is on the rise in the US, it's nascent compared with **China's** market.
- For example, Douyin has succeeded as an all-in-one content *and* shopping app in China, but US consumers may not be ready for that. In a March 2021 **survey** by Ipsos, about a third

(34%) of US adults said they don't typically use social media for shopping inspiration, and 30% said they don't know if they can trust social media product recommendations.

- Creating an ecommerce-first platform that takes lessons and features from TikTok could help introduce the concept of social commerce to a broader US audience. It could reach consumers who might still be skeptical of social media shopping, and perhaps open their minds to the prospect if ByteDance does wish to integrate the platform into TikTok down the line.

The bottom line: ByteDance's decision on how it launches its international commerce strategy will reveal a lot about what it hopes to achieve, which companies it sees as its competition—and ultimately, how it understands the US social commerce market in relation to China's.

- If ByteDance is trying to lead the US social commerce wave and compete with the likes of **Facebook** and **Instagram**, integrating its shopping platform into TikTok would be the obvious move. Doing so would be a sign that ByteDance believes both the US social commerce market and demand for Chinese goods are strong enough for a social-first cross-border ecommerce platform to succeed.
- But if ByteDance doesn't believe the US social commerce market is developed enough, it may want to broaden its horizons in order to compete with larger ecommerce platforms like **Amazon** or **AliExpress**. To do so, however, it may need to divorce itself from TikTok proper in order to gain the kind of trust and broad reach that it will need to make it with US consumers.