

Buyer Behavior Reveals TikTok Shop Opportunities

TikTok Shop: Innovating Retail with Live, Engaging Selling

Since its app integration in 2021, TikTok Shop has quickly become a global merchandising sensation, projected to grow “tenfold to as much as \$17.5 billion this year.”¹ The feature allows users to shop in real time as brands showcase their products in bite-sized formats that visually engage and entertain. Typically, a live selling stream features a host who fills orders in real time on TikTok Shop as they interact with people in a live chat displayed on the screen. According to WGACA luxury host Mason Howell, “The idea is to treat your livestream like a physical storefront that people can enter for sales consultations during normal business hours.”²

TikTok reports that 55% of its users have purchased from brands after seeing their products on the app and that 50% of users made a purchase after watching a TikTok Live³. SCAD business professor Jeanne McPhillips explains, “More and more brands are going onto the TikTok platform to try to engage people because so many people are on there.” Last year, the hashtag #TikTokMadeMeBuyIt generated nearly 8 billion views on the platform.⁴ TikTok Shop continues to grow, and the South China Morning Post reports a surge in sales to “more

than US\$110 billion.”⁵ With TikTok Shop’s U.S. launch in September 2023, the potential for growth may not eclipse giants like Amazon, but become a boon for smaller businesses to “raise awareness and build their brands successfully on the social media app and fill in the gaps for brands looking to capitalize on new market opportunities.”⁶

SCAD graduate research led by student Evelyn TeSelle (M.A., design management) recently examined TikTok Live selling to discover methods that can increase viewership and sales. This research employed a mixed methods approach to understand TikTok Live Selling. Qualitative data from interviews with users, sellers, and industry experts provided insights into motivations and behaviors. A survey of TikTok users yielded quantitative data on preferences and participation patterns. Seller and TikTok analytics offered additional quantitative data on viewership and sales conversions. Triangulation of these multiple data sources enabled robust analysis.

Her qualitative and quantitative research yielded four design recommendations:

1 businessoffashion.com/news/retail/tiktok-eyes-175-billion-shopping-business-on-amazons-turf/
2 businessinsider.com/how-to-sell-luxury-preowned-handbags-tiktok-shop-live-2023-12
3 rootdigital.co.uk/blog/tiktok-shop-statistics/
4 pr.org/2022/01/14/1073199737/tiktok-made-me-buy-it
5 scmp.com/tech/big-tech/article/3245778/bytedance-sales-surpass-tencents-reach-us110-billion-tiktok-owner-pushes-e-commerce
6 cnbc.com/2023/11/24/tiktok-shop-first-christmas-spending-ethics.html

A. Add an option for live stream viewers to join anonymously

Although many TikTok users enjoy the participatory nature of live chats, a significant number of users seek anonymity. TeSelle's survey reveals that 59% of TikTok Live selling viewers report rarely or never interacting in the chat. One respondent explains, "I don't want someone to know that I'm there or that I'm leaving." The ability to choose a protected identity can increase viewers, particularly those who are hesitant to join live streams without anonymity. To prevent harmful behavior, TeSelle recommends, "only offering anonymity to those who do not plan to chat or purchase." Once a user joins a chat, TeSelle explains, their username should be displayed.

B. Create a dedicated "live explore page," which includes categories and a clear way to search current live streams

As TikTok Shop develops, the app must continue to adjust search functionality to achieve a user-friendly interface. TeSelle spoke with users who said, "It's hard for me to search TikTok Live," and "I went to the live feed, but ... it's just too much." TikTok itself only offers user-generated videos in response to help queries on how to search for items in the shop⁷. In summer 2023, TikTok began to test a visual search function in the Shop outside the U.S.⁸ However, the ability to perform specific searches in the Shop remains limited. To boost functionality, TeSelle suggests a search bar for key terms and specific creators, a "Discover" section that encourages users to deviate from their usual viewing habits, and a "For

You" section that offers a customized, user-controlled streaming feed.

C. Consolidate the entire e-commerce process (browsing, purchase, tracking) within the TikTok Shop interface and incorporate robust buyer protection

One of the biggest barriers to TikTok Shop's growth is trust. Bloomberg reports that, "To avoid added oversight and for the business to succeed, it needs to start aggressively enforcing its existing shop rules and establish new standards for sellers and advertisers ... Its problems begin with the shop's clunky interface."⁹ TeSelle found that one user said, "There isn't that established sense of trust." Professor McPhillips notes the number of steps saying shoppers "go to the bio and the link and they don't have the attention span for that." TeSelle believes that a more elegant design combined with buyer protection, robust tracking, and a system of refunds will alleviate such barriers and concerns.

D. Provide paid ways to participate in a stream aside from purchasing the product

Entertainment is an integral part of TikTok Live seller's appeal. Professor McPhillips says "people are watching it because it's entertaining." Live shopping promises more engagement with customers, many of whom log on only to watch hosts sell items. Liyia Wu, CEO and founder of the live shopping start-up ShopShops states, "We believe shopping is not just about transaction. It's about experience."¹⁰

⁷ [tiktok.com/discover/how-to-search-for-items-on-tiktok-shop?lang=en](https://www.tiktok.com/discover/how-to-search-for-items-on-tiktok-shop?lang=en)

⁸ adweek.com/social-marketing/tiktok-shop-is-testing-visual-search/

⁹ [bloomberg.com/opinion/articles/2023-12-22/should-you-trust-tiktok-shop-platform-s-first-holiday-season-worries-us](https://www.bloomberg.com/opinion/articles/2023-12-22/should-you-trust-tiktok-shop-platform-s-first-holiday-season-worries-us)

¹⁰ [nytimes.com/2023/05/10/business/live-shopping-us.html](https://www.nytimes.com/2023/05/10/business/live-shopping-us.html)

“Users yearn for functionality enhancements and entertainment.”

TeSelle notes that increased participation options “such as live polls or lottery entries would drive up viewership and engagement.” Currently, users participate through a purchase, a donation via digital gift, or chat. The addition of polls and superchats can provide additional revenue streams for online sellers that are, as TeSelle observes, “similar to those seen on other streaming platforms like YouTube Live or Twitch.”

Authenticity drives sales

TeSelle concludes that what users crave most is a sense of authenticity as they connect with sellers who align with buying preferences and tout products that stoke passion. TikTok Live seller Kenton Hoppas states, “I think the majority of the people are there because ... [it’s] relaxing, calming,

fun, unique ... they’re not being sold anything even though there’s an option to buy.” In the process, users are able to discover something presented in an entertaining way by someone they trust. TeSelle explains, “Shopping combined with entertainment is the future of e-commerce.” As traditional retailers flock to live selling, her recommendations can be effectively replicated across platforms. The TikTok Shop live, entertaining interactivity adds something new to online shopping. One survey respondent states, “It’s sort of like you’re looking into somebody’s window. They’re talking [and] it’s very candid.” Being deemed trustworthy is key and the most popular sellers are more often the ones who feel like believable salespeople. With adjustments, TikTok Shop is poised for an explosive growth.

This concept and research were informed by the graduate research of Evelyn TeSelle for IDUS 711-NO3, Summer 2023 (M.F.A., Design Management).

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SCADask is an applied research unit of the Savannah College of Art and Design that generates actionable insights for business and design leaders. To learn more, or to partner with SCADask, contact research@scad.edu.