

The Power of TikTok Shop:

How beauty brands are converting
views to sales

September 2024

NIQ SPATE



As brands invest heavily to capture consumer interest on TikTok, many are also weighing the potential of engaging with its growing retail platform. Spate is partnering with NIQ to evaluate the ***relationship between TikTok brand views and sales*** on TikTok Shop to bring its full potential — and risks — to light. The data reveals a nuanced link between consumer attention and purchases, guiding brands in assessing TikTok Shop's strategic value in the months ahead.

Olivier Zimmer, Co-Founder and CEO, Spate



The landscape of beauty retail is changing rapidly, with the rapid ***emergence of social and quick commerce platforms*** that are changing how consumer discover, and shop for, beauty brands. The marketing funnel has condensed, and the journey from discovery to purchase can now happen in 30 seconds or less. Brands who understand these evolving dynamics will have the advantage of being able to move faster and activate first on emerging trends.

Anna Mayo, VP Beauty Vertical, NielsenIQ



About NielsenIQ *Beauty*

The mission of **NielsenIQ's Beauty Vertical** is to empower manufacturers and retailers across the beauty landscape with the most comprehensive insights and analytics - all grounded in the industry's most trusted data.

We deliver a Full View of the beauty consumer — wherever they shop, enabling strategic decision-making with confidence.

With our unique offerings and beauty expertise, we help our clients act on the trends and consumer behaviors that will impact their business today and in the future.

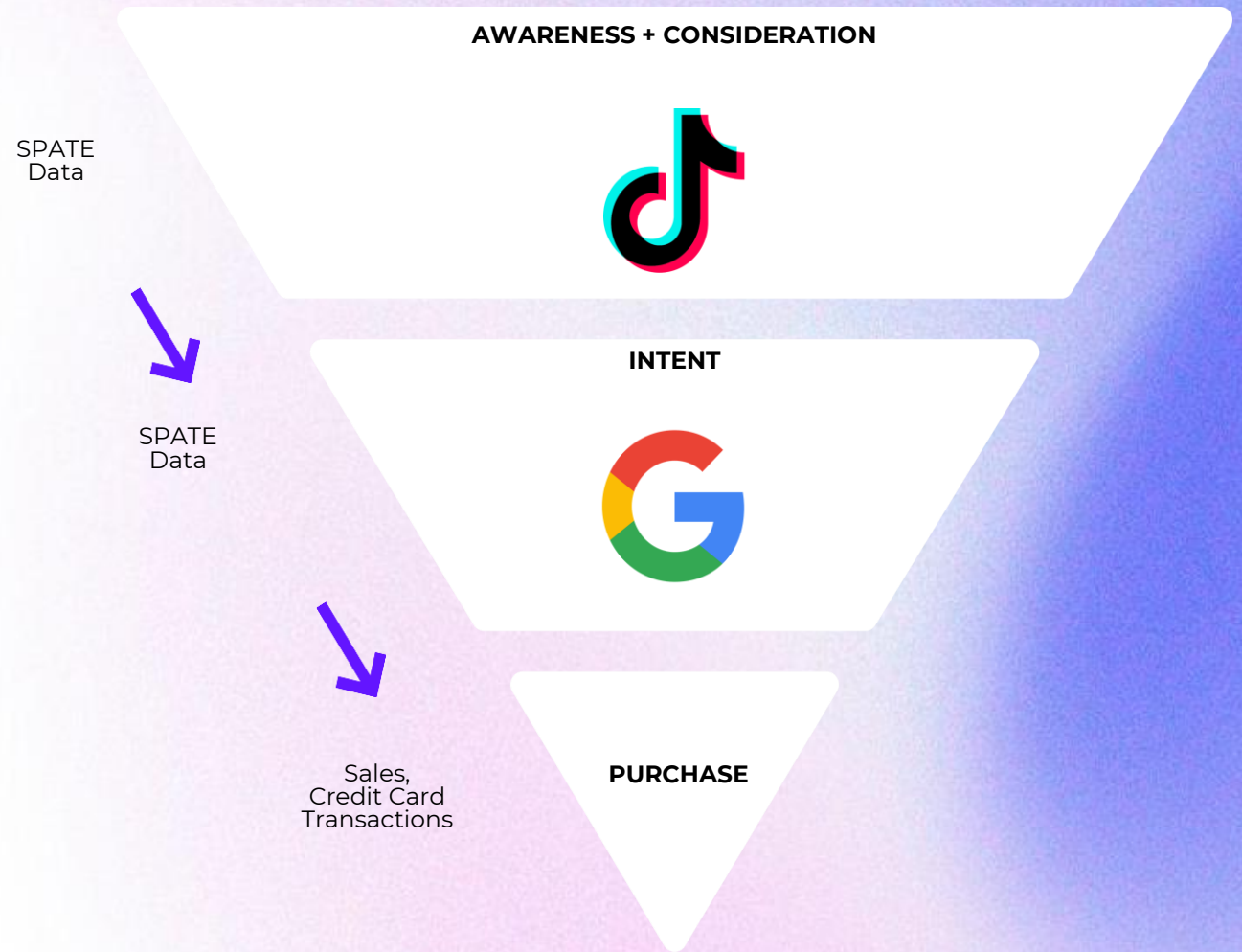


ABOUT SPATE

Spate's data captures consumers' intent, which is a close preemptive signal to purchase, shedding some new and complementary perspectives on sales data at the top of the consumer funnel.

Social Media is about consumers' aspirations. Consumers are building the persona of who they want to be, not necessarily reflecting their actual behaviour.

Search Data, a "digital truth serum," reveals an honest picture of consumer desires. People will search something they may not be comfortable asking their mother or best friend. According to a correlative study between Spate and NIQ, search is a strong indicator of future sales.



Just 1 year in, TikTok Shop's success continues to compound

- **#8 Health & Beauty** ecommerce retailer
- **8% of ecommerce shoppers** made a purchase on TikTok Shop in the last year
- TikTok Health & Beauty sales have seen a **10.9% average growth rate since January 2024**,



TikTok Shop continues to expand; where next?

TikTok Shop is currently available in 8 countries outside of China, but the platform is under scrutiny across multiple regions

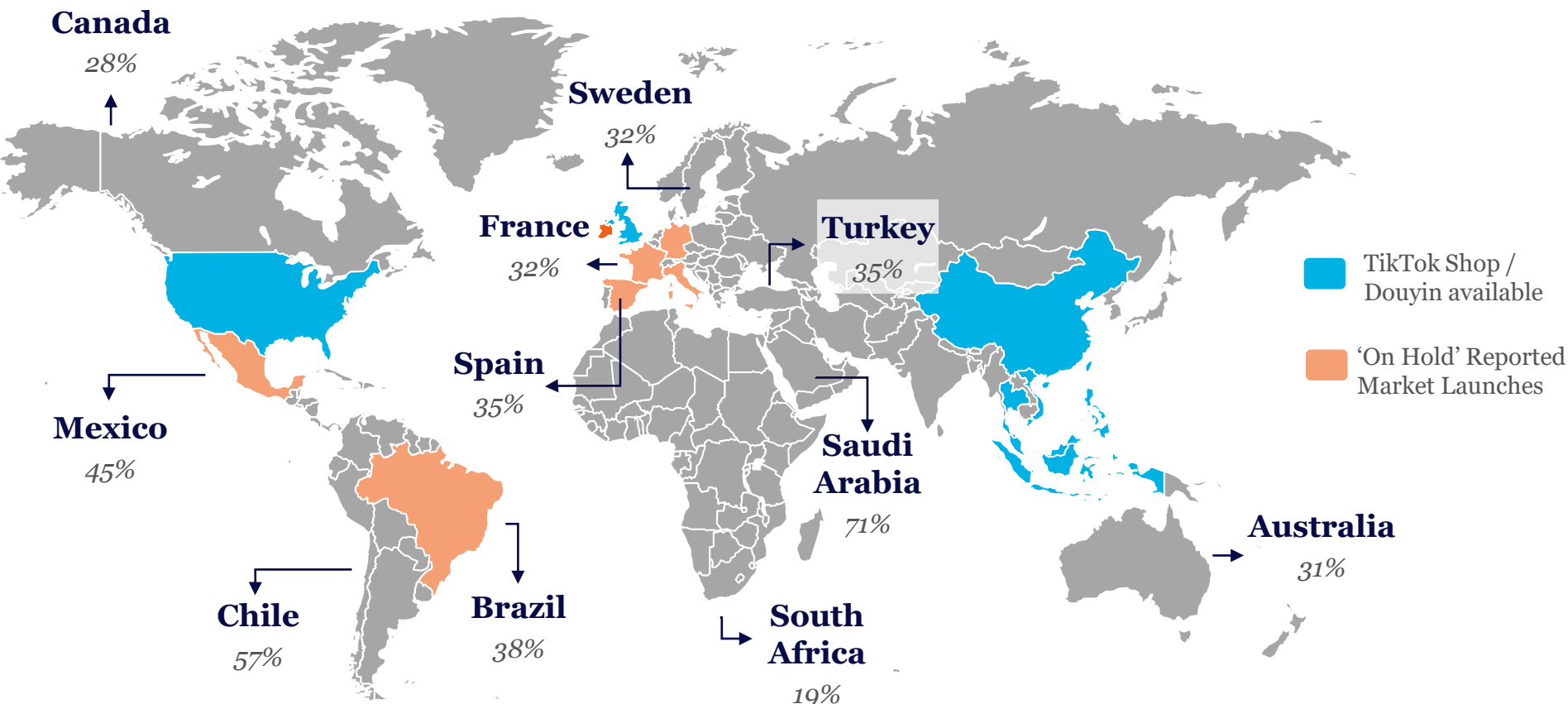
TikTok Shop Availability

China (Douyin)
Indonesia
Malaysia
The Philippines
Singapore
Thailand
the United Kingdom
The United States
Vietnam

Reported Next Launches
(On Hold to Focus on US)

Mexico
Brazil
France
Germany
Italy
Spain
Ireland

TikTok Users as a % of Total Population



Source: <https://ads.tiktok.com/help/article/considerations-when-launching-your-tiktok-shop-journey?lang=en> | <https://www.scmp.com/tech/tech-trends/article/3262039/tiktok-expand-e-commerce-business-mexico-and-major-western-european-markets-amid-scrutiny-us-eu> | TikTok Users by Country 2024 (<https://worldpopulationreview.com/country-rankings/tiktok-users-by-country>) Divided by Total World Population Counts 2024 (<https://worldpopulationreview.com>) <https://www.bloomberg.com/news/articles/2024-05-31/tiktok-pauses-e-commerce-push-into-europe-to-focus-on-us>

Growth in established markets continues to accelerate

Significant share growth across China, the UK and the United States

Beauty & Wellness e-commerce

Share growth



+7.1 pts



+1.7 pts



+1.7 pts



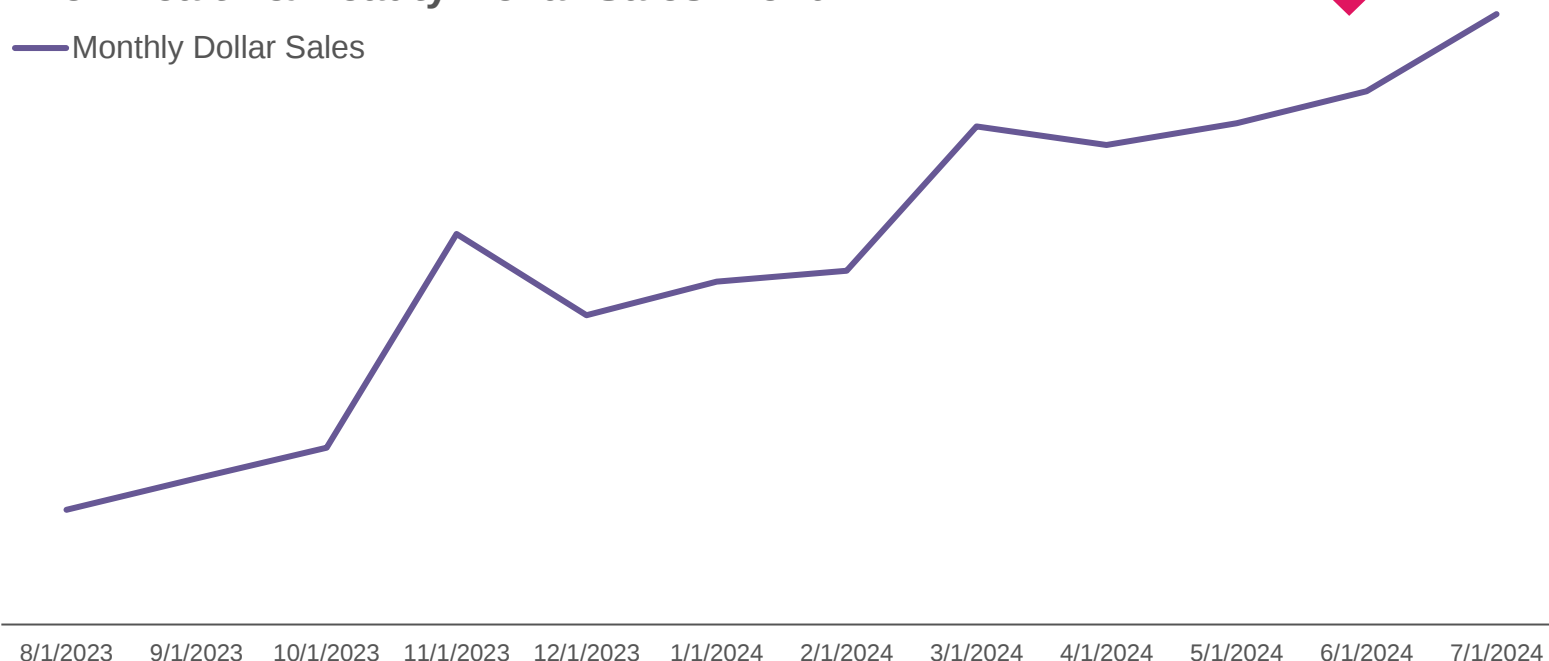
Source: NielsenIQ Personal Care Online Total (Traditional EC+TikTok) - China
Source: Foxintelligence E-receipt Consumer Panel, Q1 2024
Source: NielsenIQ Total US E-commerce Measurement Powered by Rakuten Intelligence | 52wks ending 7/31/24 vs LY Health & Beauty Care

TikTok continues to advance its position as a key Beauty & Wellness Retailer



TikTok Health & Beauty Dollar Sales Trend

— Monthly Dollar Sales

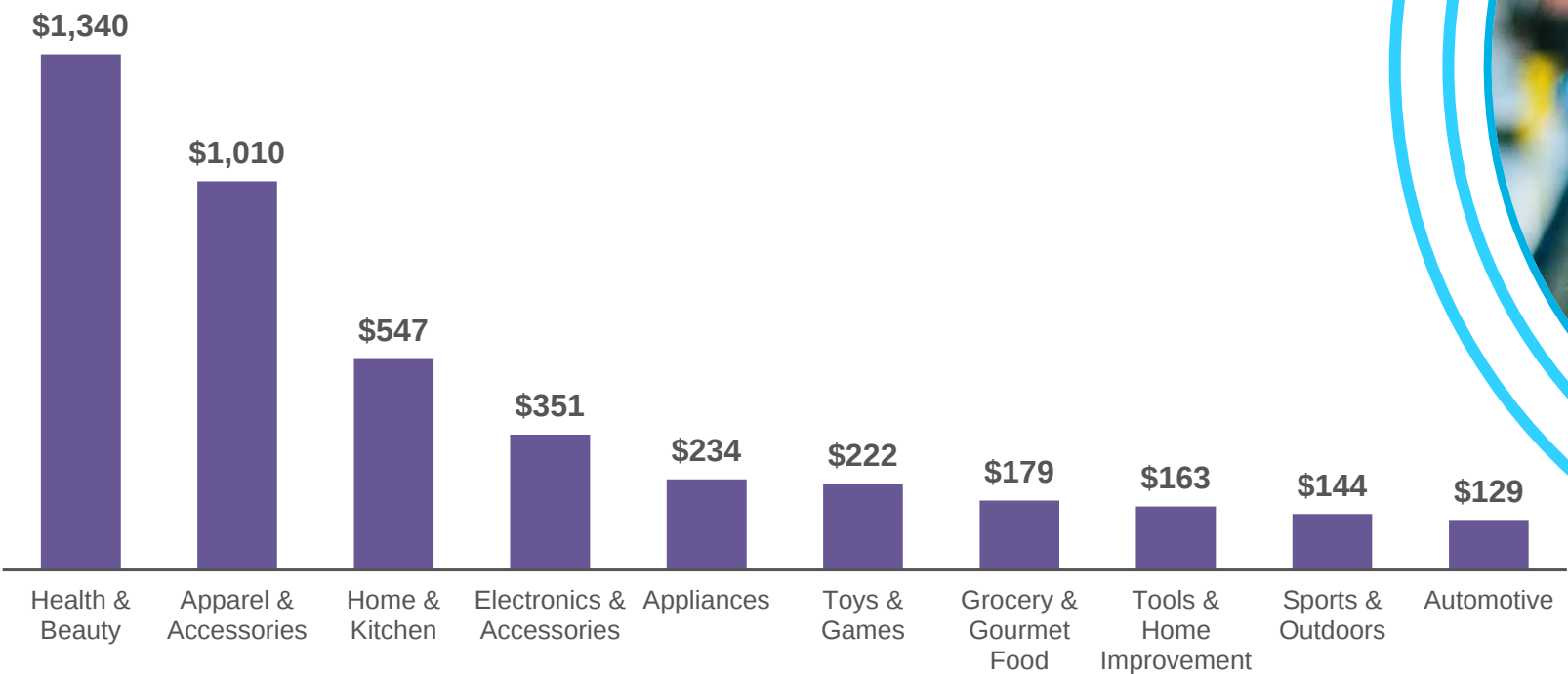


Source: NielsenIQ Total US E-commerce Measurement Powered by Rakuten Intelligence | 11 months ending 7/31/24 | Health & Beauty Care
CAGR calculate from Jan 2024 – July 2024

Beauty remains a prevalent department for TikTok sales, while clothing follows close behind



TikTok Top 10 Category Sales
(Millions)



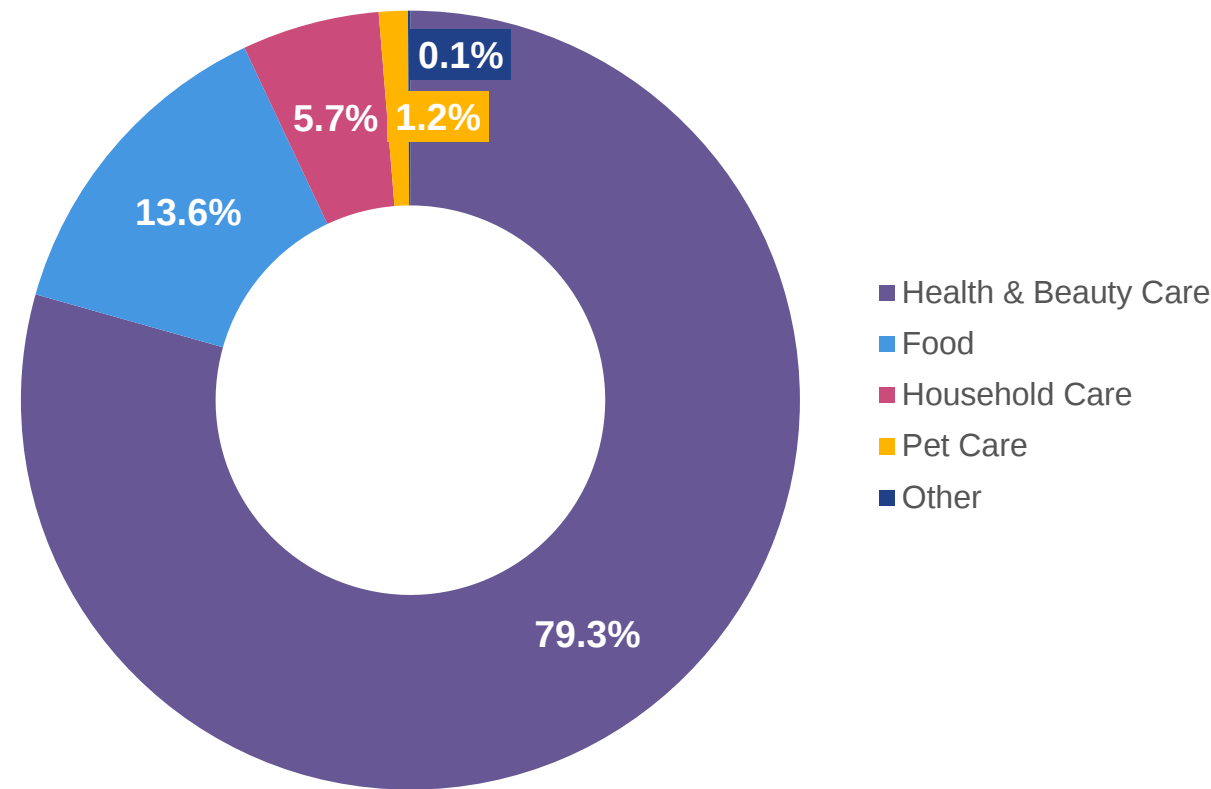
Source: NielsenIQ Total US E-commerce Measurement Powered by Rakuten Intelligence | Top 10 Categories CYTD 2024 months ending 7/31/24



The biggest selling *CPG category* during TikTok Shop's launch continues to be Health & Beauty

TikTok Percentage of CPG Dollar Sales by Category

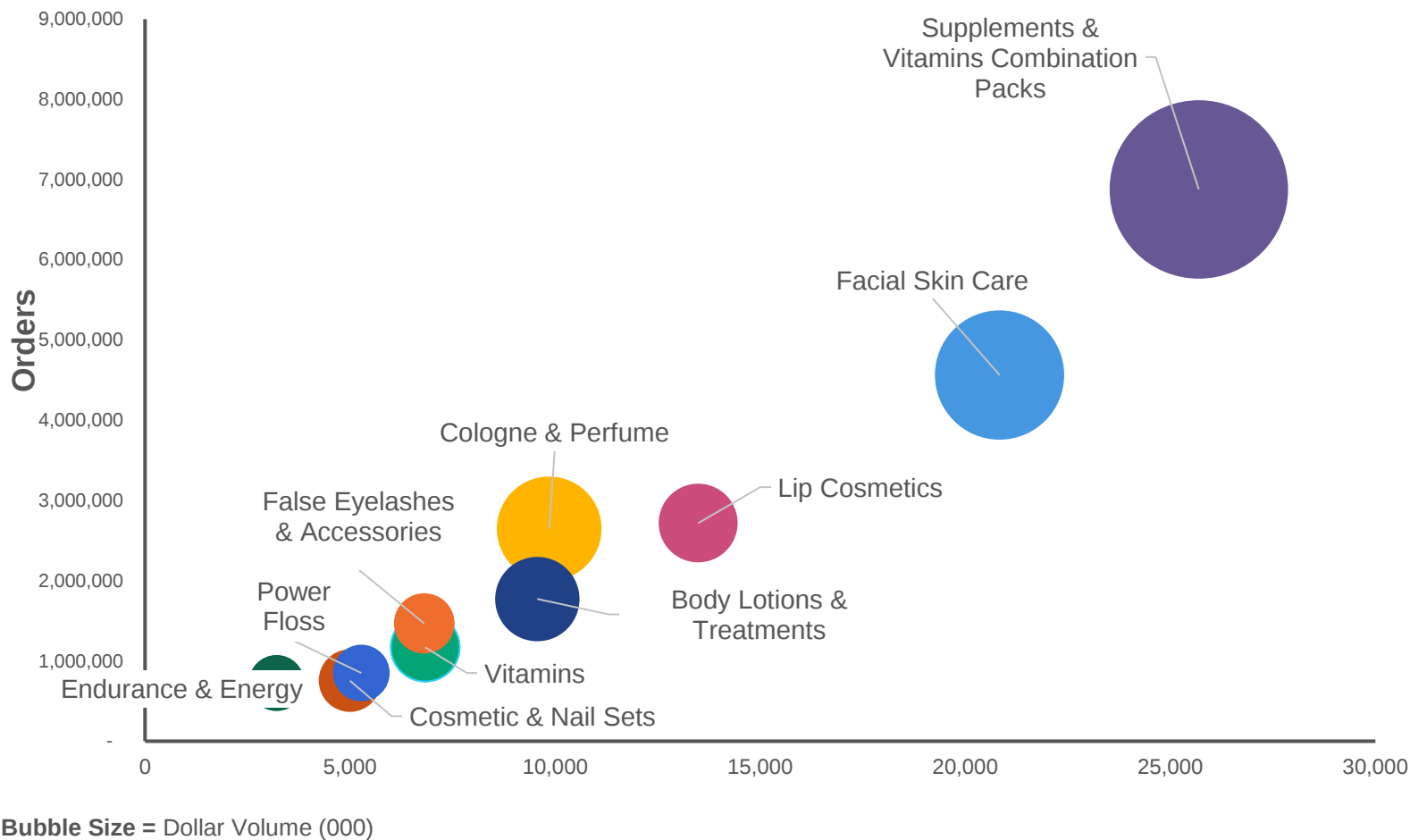
January 2024 – July 2024



Source: NielsenIQ e-commerce Retailer View, TikTok, 1/1/2024-07/31/2024



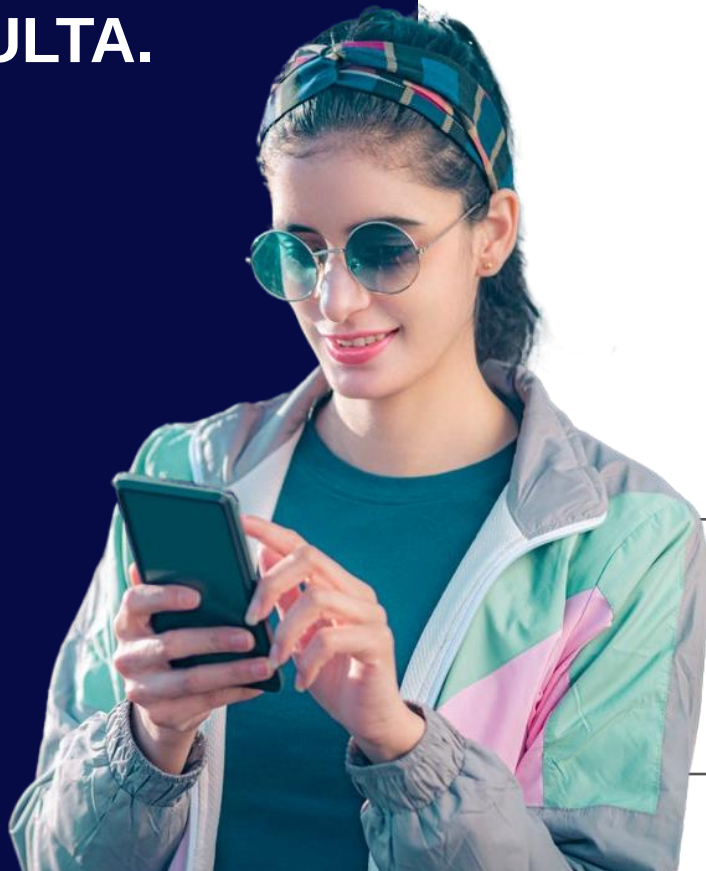
TikTok Shop's biggest selling *subcategory* in Health & Beauty is now Supplements & Vitamins



Source: NielsenIQ e-commerce Retailer View, TikTok Health & Beauty Categories, 1/1/2024-7/31/2024

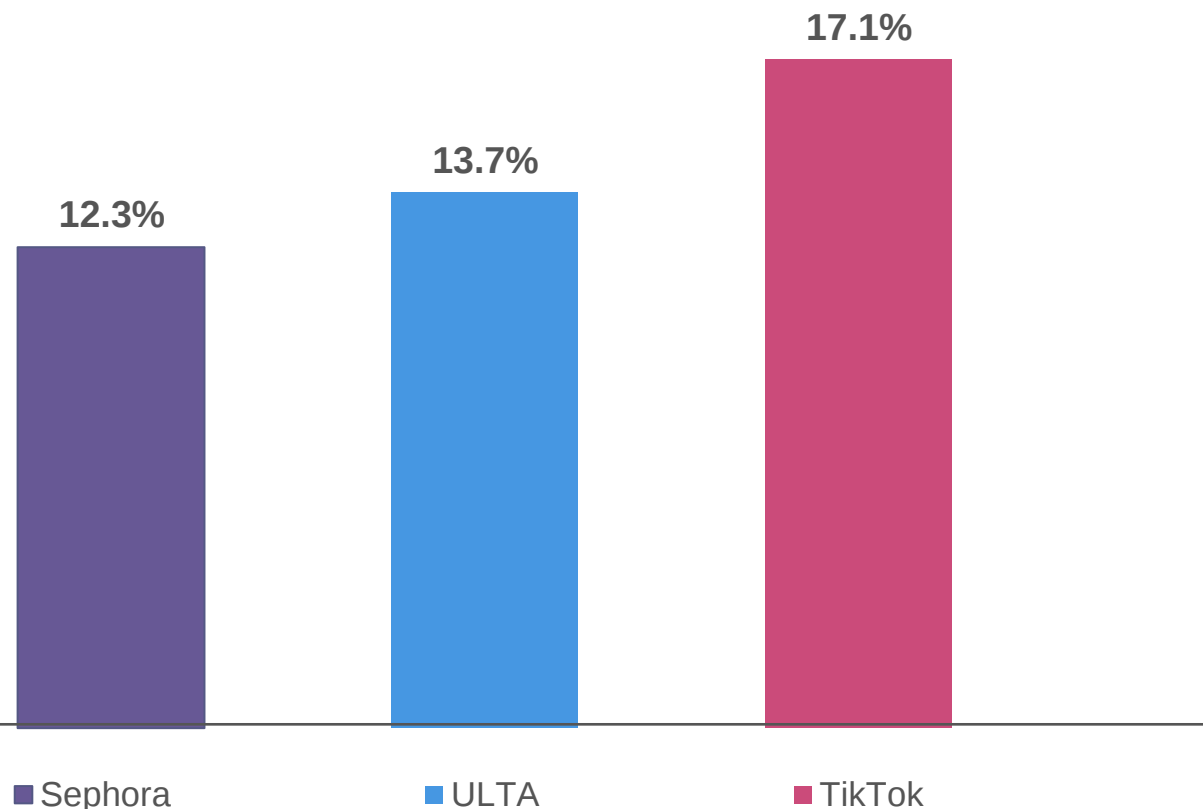


TikTok Shop is *attracting more young* buyers than other mainstream beauty merchants like Sephora & ULTA.



Health & Beauty Shoppers

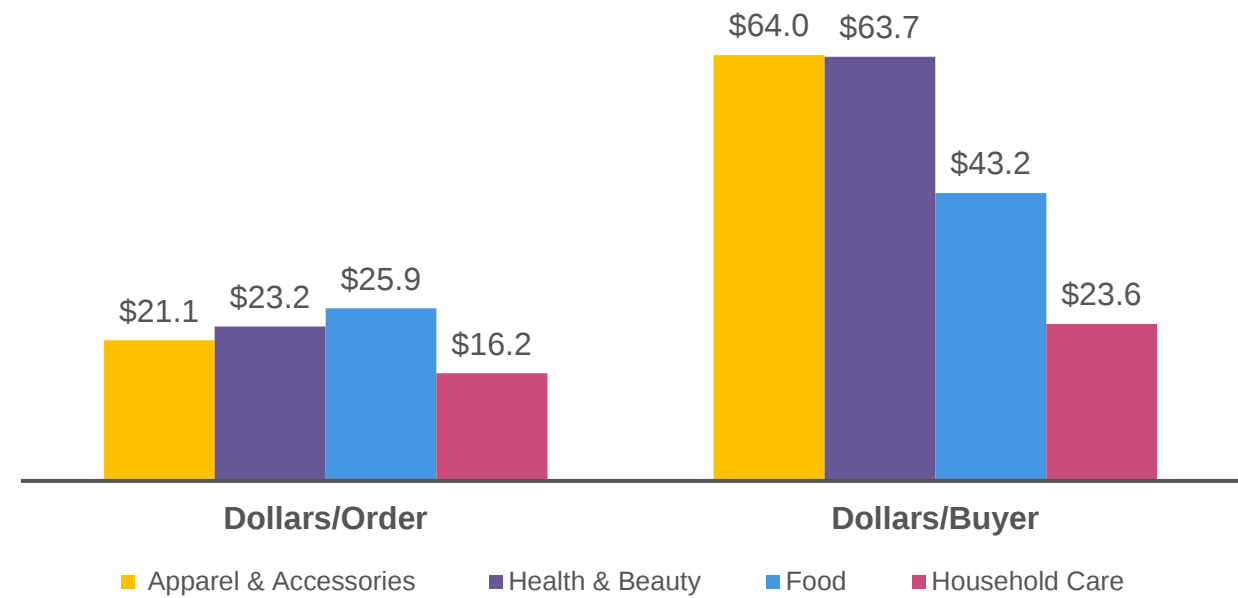
Aged 18-24: % of Buyers



Source: NielsenIQ e-commerce Retailer View, TikTok Health & Beauty Categories, % of Buyers Index 1/1/2024-7/31/2024

Health & Beauty shoppers average almost 3 trips CYTD, on par with apparel trips, spending over \$20 each trip

Driver Metrics by Sub-Category within TikTok



Sub-Category	Orders/Buyer
Apparel & Accessories	3.0
Health & Beauty	2.8
Food	1.7
Household Care	1.5

Source: NielsenIQ e-commerce Retailer View, TikTok 1/1/2024-7/31/2024



TikTok Shop Health & Beauty buyers are seeing more overlap with *top beauty sellers online* now that TikTok is more established

% of TikTok Shop Buyers Shopping Health & Beauty at Retail.com



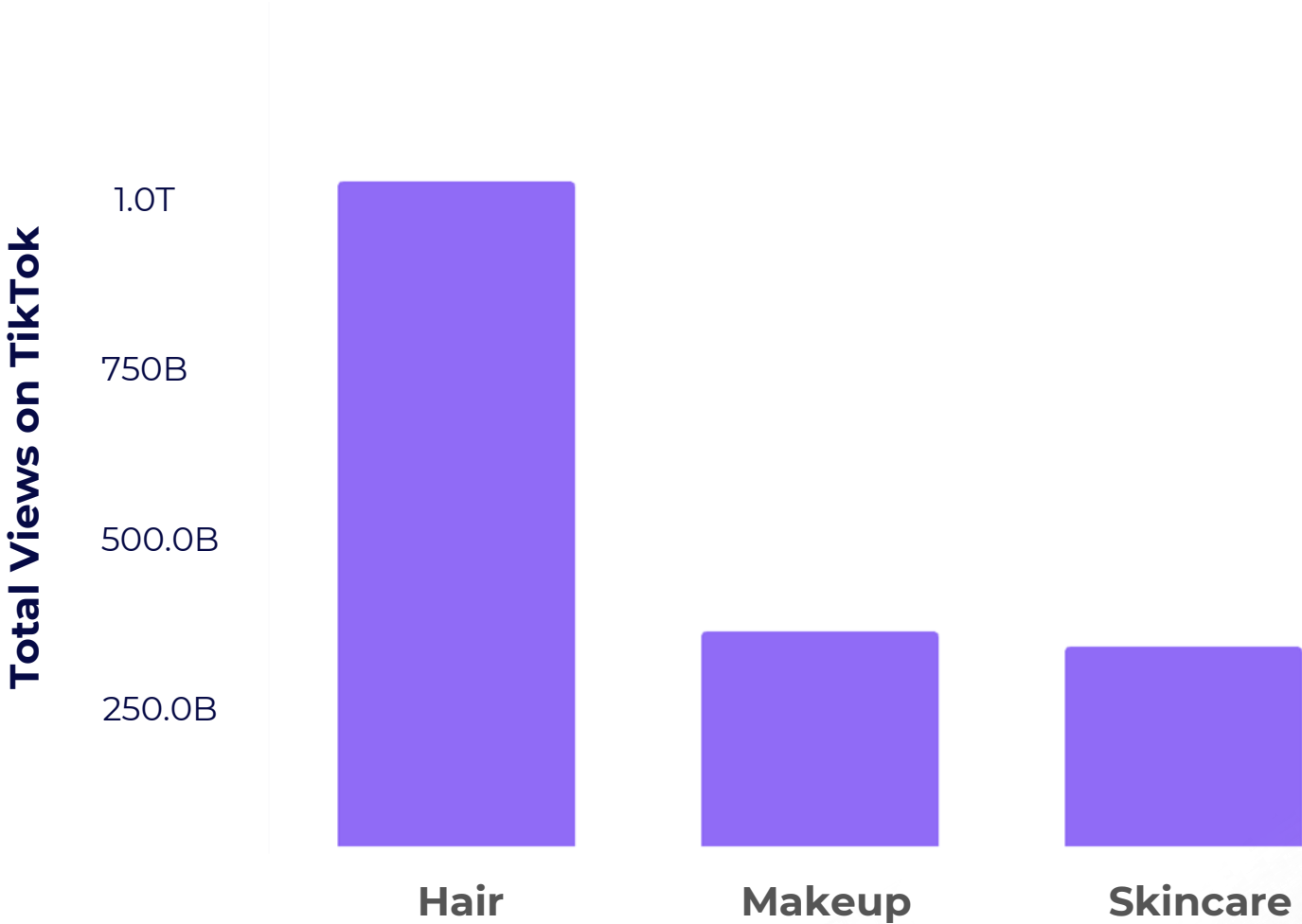
Source: NIQ e-commerce CYTD 2024 through 7/31/24. Numbers reflect only represent.com online sales.

Exploring TikTok's *Growing Beauty* Presence



FINDING:

TikTok plays a significant role in beauty, with the beauty category in the US amassing **1.73 trillion total views** on the platform.



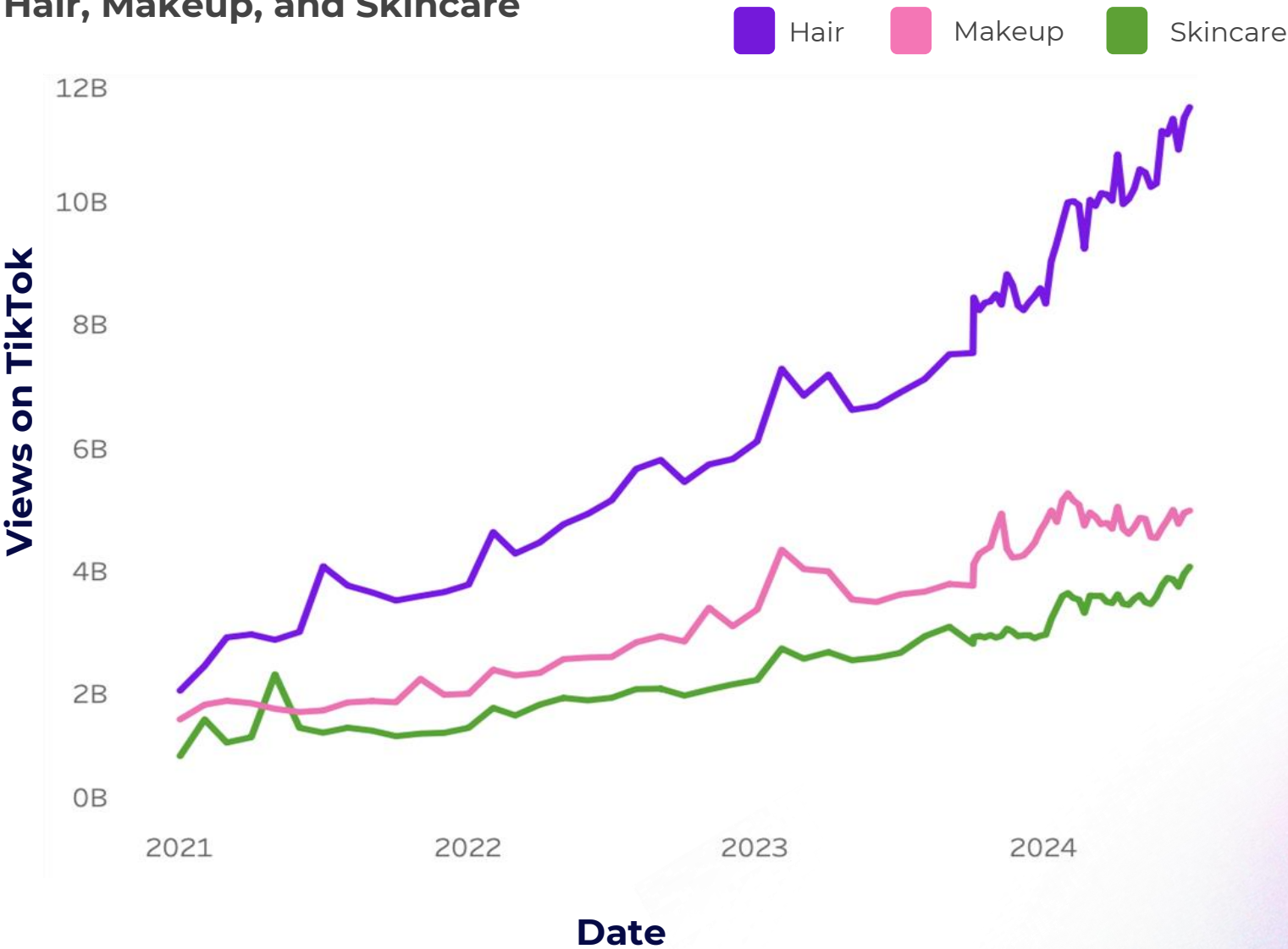
Data Source: US TikTok September 8th 2024

FINDING:

Since last year, **beauty views on TikTok have grown +52.2%.**

Hair is driving the most significant growth with +63% growth since last year.

Hair, Makeup, and Skincare



Data Source: US TikTok September 8th 2024

FINDING:

Nearly half (44%) of the 600 billion brand views on TikTok are paid*.

Companies are investing heavily in the platform to grab consumers' attention.

Brand	Views ↓	Paid %	YoY %
l'oreal paris	299.0M	90.8%	26.7%
neutrogena	147.7M	99.4%	20.4%
cerave	106.3M	96.0%	14.4%
olay	83.4M	99.6%	-9.7%
dove	74.2M	85.7%	107.1%
maybelline	71.5M	68.3%	-7.9%
redken	70.1M	82.9%	21.6%
armani beauty	63.7M	37.3%	-8.3%
sheglam	55.9M	20.8%	41.5%
aveeno	52.2M	99.1%	5.0%
benefit cosmetics	51.1M	65.8%	64.9%

*Paid Views -> The percentage of views that can be attributed to paid partnerships or brand partner hashtags, ie #partner;
Source: US TikTok ending Sep 8th, 2024

FINDING:

When it comes to TikTok Shop Views, **New incumbents** such as medicube, ucoolme, and colourpop **are driving the growth.**

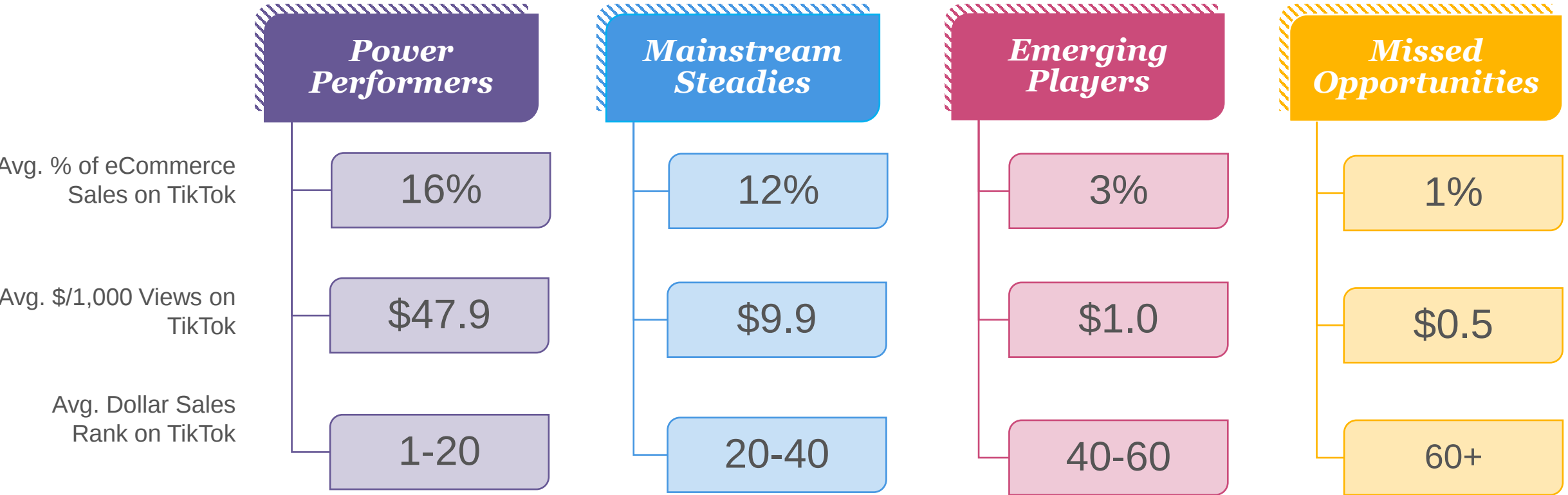
Brand	TikTok Shop Views ↓	TikTok Shop	QoQ Growth %
tarte cosmetics	21.8M	47.2%	-35%
the ordinary	15.8M	58.1%	-22%
medicube	14.8M	60.5%	592%
anua	14.6M	69.2%	86%
tymo	14.0M	92.3%	86%
benefit cosmetics	9.9M	19.3%	21%
ucoolme	8.8M	90.2%	105%
phlur	8.3M	82.0%	47%
colourpop	8.3M	47.9%	10769%
one/size	8.0M	66.9%	30%
lattaifa	7.6M	63.5%	35%

Data Source: US TikTok 2024 for September 8th 2024 vs. June 30th 2024

A close-up photograph of two women with dark skin and hair. They are both holding orange and red autumn leaves over their eyes. The woman on the left is lying down, and the woman on the right is sitting up. They are both wearing bright pink lipstick. The background is a soft, out-of-focus purple and pink.

Analysis: How Brands Have Found Success on TikTok Shop

Brands Differ from those ‘All In’ on TikTok Shop, to those who are testing the waters



Source: NielsenIQ e-commerce Retailer View, TikTok, 8/1/2023-6/30/2024, Spate views by month 8/2023 - 6/2024

We identified 4 approaches that brands are using on TikTok Shop

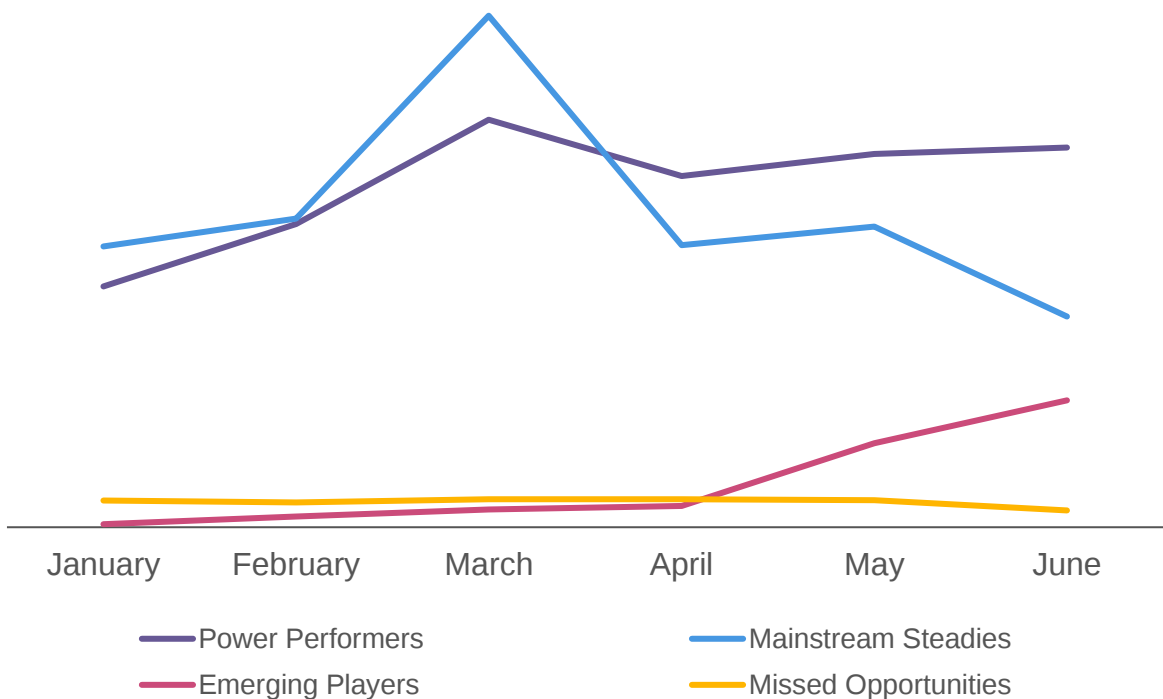
Segment Name	Power Performers	Mainstream Steadies	Emerging Players	Missed Opportunities
Strategy	These brands have focused on TikTok Shop as a key piece of their retail strategy. They are making a significant among of their e-commerce sales on the platform, and are efficient at converting views into sales	With a strong TikTok Shop strategic focus, these mainstream brands joined the platform early, and are converting views into sales at a strong rate	These brands are well known and are dipping their toes into the TikTok Shop universe. Their use of the platform is still mainly for brand building and brand awareness, and sales are still low	This segment of brands have very strong followings on TikTok and are receiving significant views for their content. However, they have not monetized their viewers through TikTok shop, resulting in lost potential revenue
Sales Positioning - % of a brand's e-commerce sales happening on TikTok Shop	~15% - 100%	~ 5% - 40%	~1% - 10%	Minimal sales
**Conversion Ratio (relationship between sales through TikTok shop and brand views on the platform)	Sales per 1000 views over \$25	Sales per 1000 views between \$7 - \$20)	Sales per 1000 views less than \$3	Very high views, but very low conversion ratio/not measurable

**bigger weight

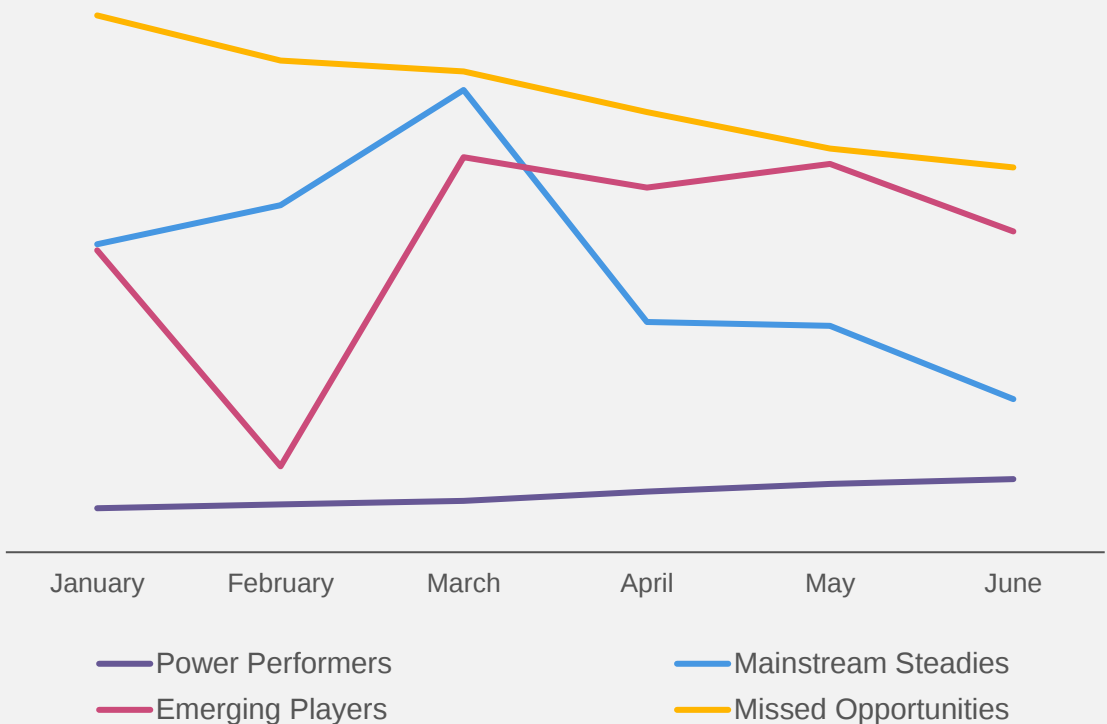
Views do not always correlate to sales on TikTok Shop

Mainstream Steadies have unlocked the strategies for success on TikTok, generating a consistent degree of dollar sales per view.

Dollar Sales (M)



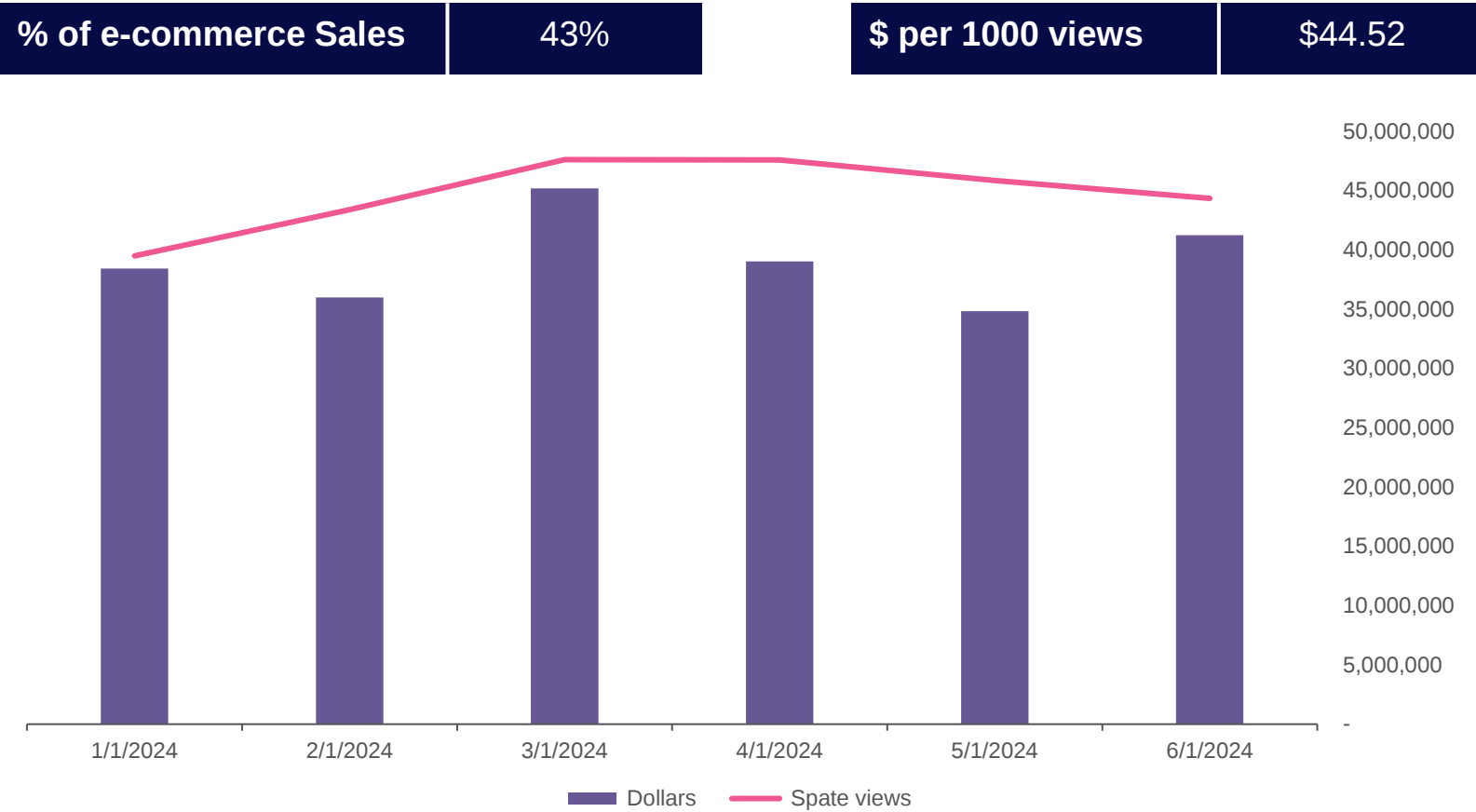
Views (M)



Source: NielsenIQ e-commerce Retailer View, TikTok, 1/1/2024-7/31/2024, Spate views by month 1/2024 - 7/2024

Power Performers Case Study: *Lattafa*

Ranked #3 in Total Health & Beauty Sales on TikTok Shop



Source: NielsenIQ e-commerce Retailer View, TikTok, 1/2024-6/2024, Spate views by month 1/2024 - 6/2024



LATTAFA

TIKTOK DATA

top 3 brand hashtags	avg weekly views
#lattafa	5.1M
#lattafaperfume	3.4M
#yaraperfume	1.0M

top related hashtags	total views
#perfume	121.8M
#fragrancetiktok	109.5M
#perfumetiktok	108.4M
#fragrance	93.7M
#perfumetok	83.8M
#tiktokshop	73.4M
#arabperfume	55.6M
#cologne	54.0M
#arabianperfume	42.9M
#viral	36.0M

Source: US TikTok ending September 8, 2024

Lattafa is a key driver of the **#arabianperfume** trend, capturing consumers' attention with affordable fragrances in luxe packaging.



#1 [@verafoodie](#)

7.9M total views



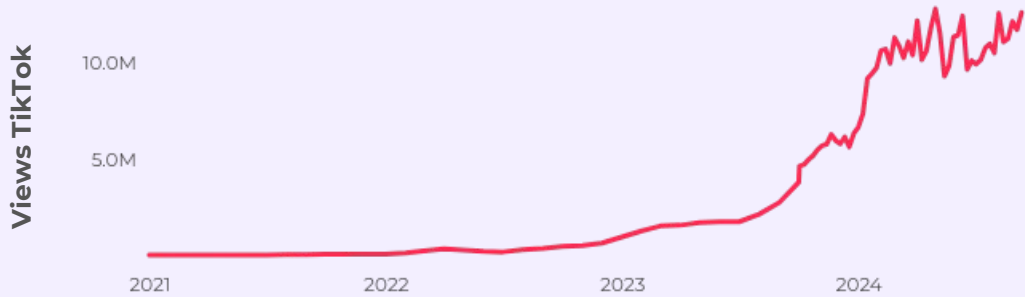
#2 [@kylieoguma](#)

5.0M total views



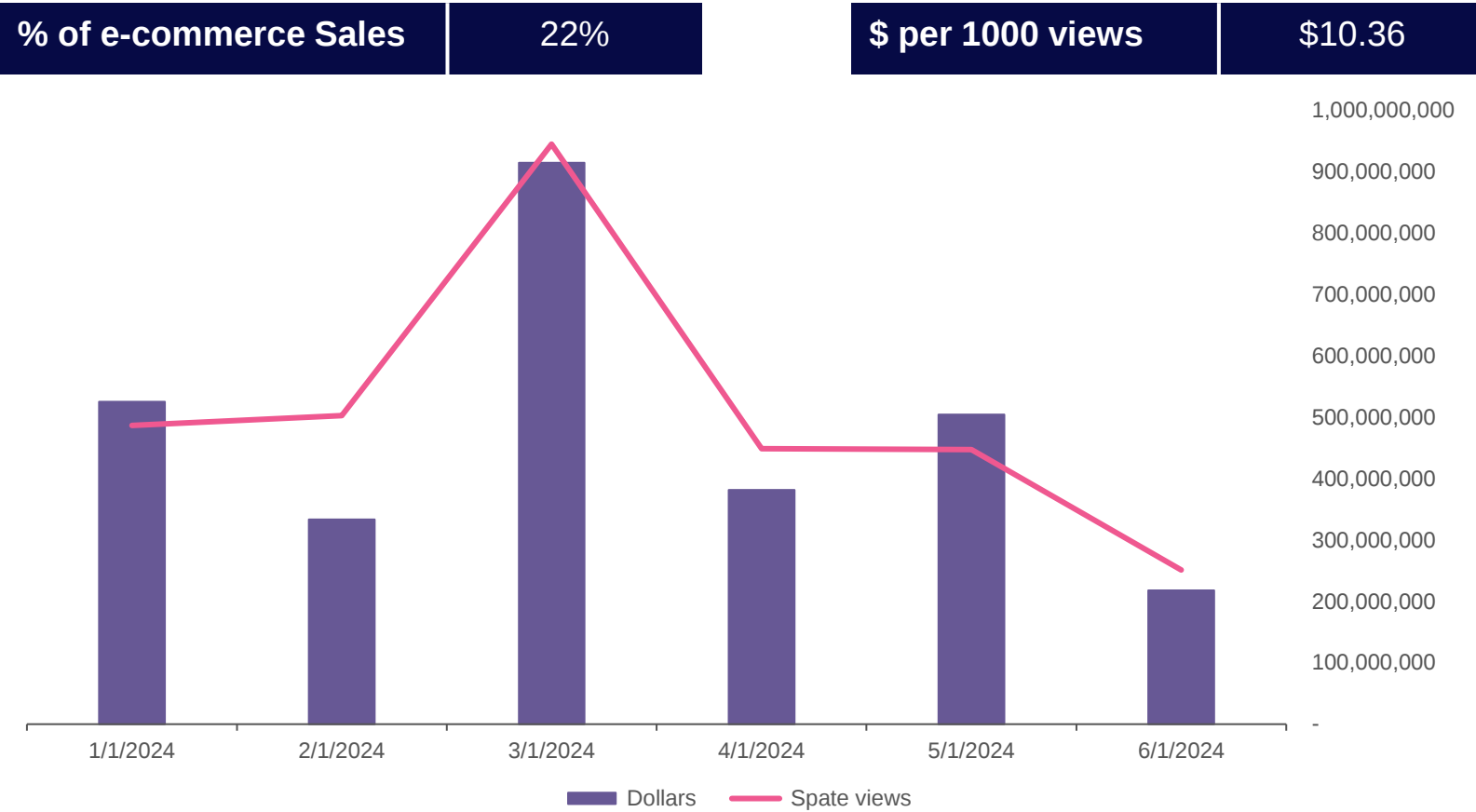
#3 [@muskymaze](#)

4.6M total views



Mainstream Steadies Case Study: *Tarte*

Ranked #1 in Total Health & Beauty Sales on TikTok Shop



Source: NielsenIQ e-commerce Retailer View, TikTok, 8/1/2023-1/31/2024, Spate views by month 8/2023 - 1/2024



TARTE TIKTOK DATA

top 3 brand hashtags	avg weekly views
#tartecosmetics	14.3M
#tarte	13.5M
#tartebundle	3.0M

top related hashtags	total views
#grwm	467.0M
#maracujajuicylip	407.2M
#makeuptutorial	403.3M
#getreadywithme	287.9M
#sephorahaul	284.0M
#glossier	278.6M
#trippinwithtarte	276.8M
#bestseller	254.4M
#sephoracart	252.1M
#newmakeupproduct	251.2M

Source: US TikTok ending September 8, 2024

Tarte's success — especially with their viral **#maracujajuicylip** — aligns closely with the success of lip gloss earlier this year.



#1 @tartecosmetics

39.2M total views



#2 @tartecosmetics

36.6M total views



#3 @shawnees

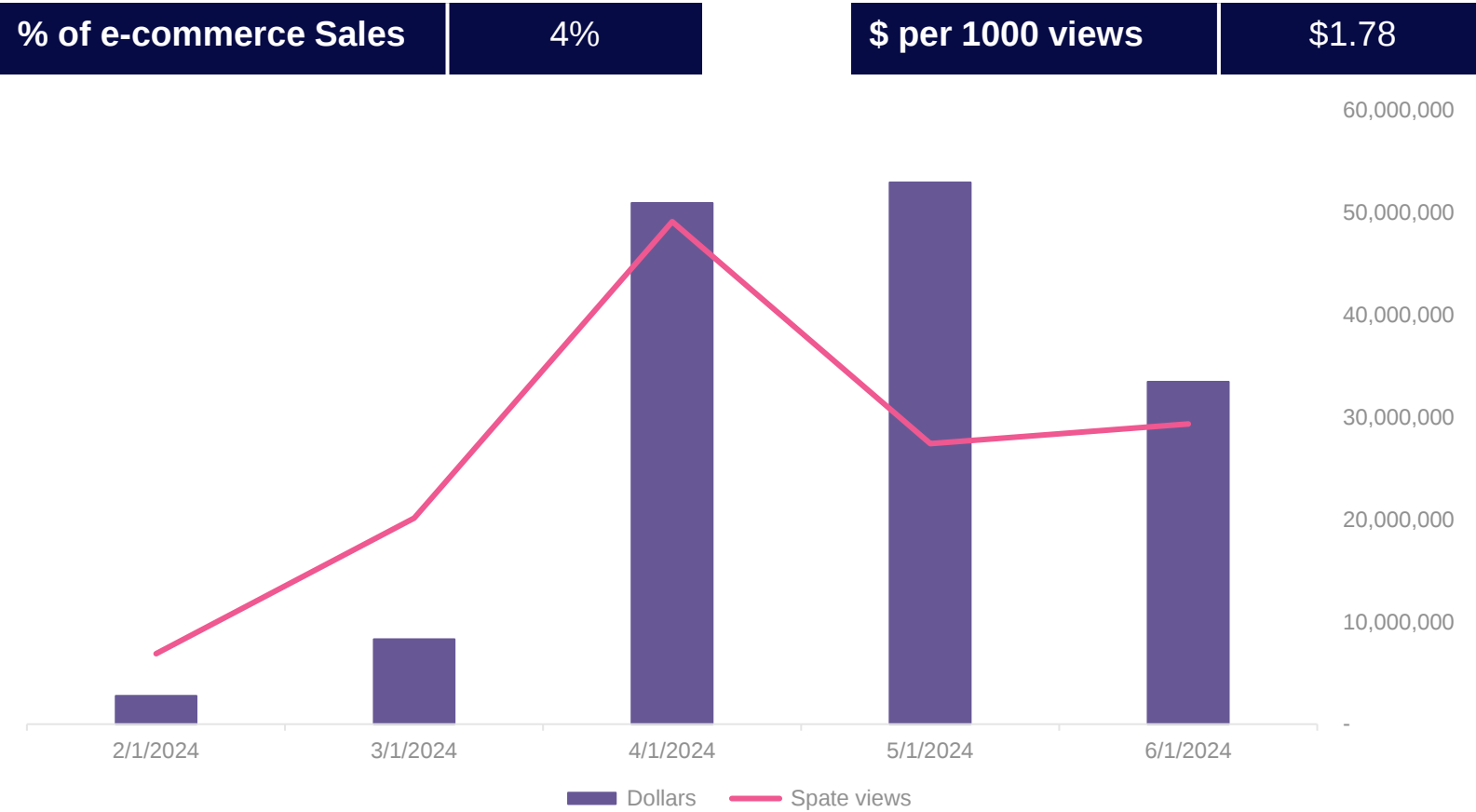
7.1M total views

Views TikTok



Emerging Players Case Study: *Phlur*

Ranked #56 in Total Health & Beauty Sales on TikTok Shop



Source: NielsenIQ e-commerce Retailer View, TikTok, 9/1/2023-1/31/2024, Spate views by month 9/2023 - 1/2024



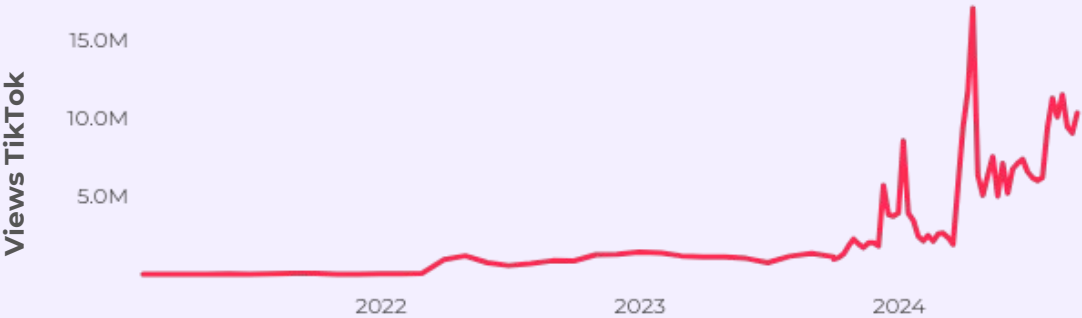
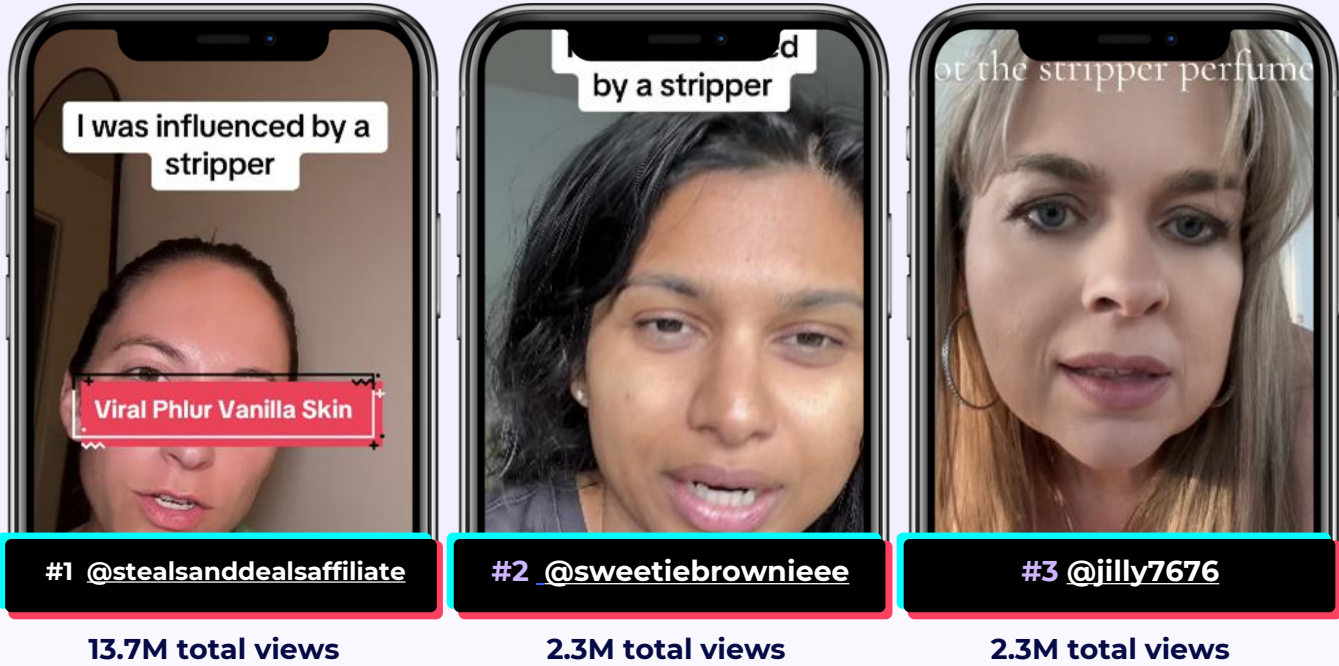
PHLUR TIKTOK DATA

top 3 brand hashtags	avg weekly views
#phlur	4.4M
#phlurfragrance	3.0M
#phlurvanillaskin	1.5M

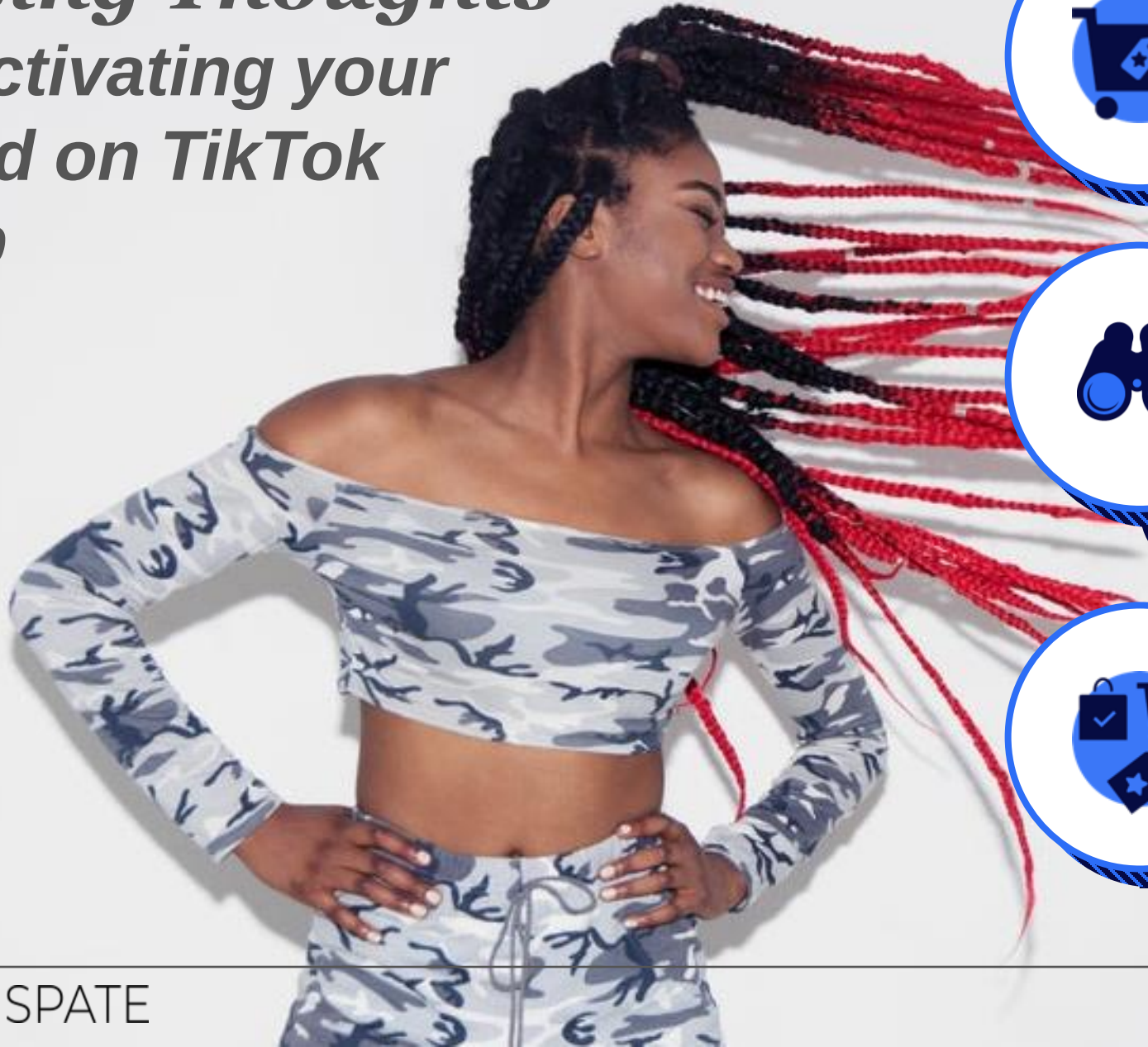
top related hashtags	total views
#perfume	58.0M
#perfumetiktok	51.0M
#perfumetok	47.1M
#vanillaskin	45.1M
#vanillaperfume	43.2M
#fragrancetiktok	41.4M
#bodymist	39.8M
#hairmist	33.0M
#vanilla	30.7M
#fragrance	30.2M

Source: US TikTok ending September 8, 2024

Phlur is capitalizing on two key trends in the fragrance community: **#vanillaperfume** and attraction.



Closing Thoughts on Activating your Brand on TikTok Shop



TikTok Shop has proven success as a beauty retailer, expect more retailers to embrace the social/quick commerce model



Your opportunity size may be bigger than you think, brands of all shapes and sizes have found success on TikTok Shop



Influencers & finding the relevant Trends remain the key to unlocking sales on TikTok shop

***Thank you
for joining us!***



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