



HOW TIKTOK IS DISRUPTING THE E-COMMERCE LANDSCAPE FOR FOOD & BEVERAGE COMPANIES

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By now, most people have heard of TikTok, its rapid rise, and its unique position within the social media landscape. However, what's less known is the launch of TikTok Shop and its growing influence on the Food and Beverage (F&B) industry. To compete directly with Amazon, TikTok has started offering brands and users “free shipping” on products purchased on TikTok. This incentive has gone “viral” as brands are able to deliver their products to customers on the platform at great value while still maintaining their margin profile. Additionally, brands can get their products into the hands of consumers all over the U.S., which ultimately acts as an incredible avenue to drive trial in a way that would be extremely costly in a traditional brick-and-mortar outlet.

Why the Launch of TikTok Shop is a Game-Changer for F&B Brands

TikTok's ability to attract a massive audience with over one billion active users globally has turned it into a potent marketing platform for the F&B industry. Its unfiltered, authentic content style resonates with consumers, moving away from curated aesthetics to more genuine and enjoyable food experiences. People prefer to see other "real people" interacting with products. Food brands are gaining significant exposure through TikTok, with users frequently visiting or ordering food after seeing it featured on the app. This trend is particularly strong among local and independent food establishments, which have seen considerable growth in popularity due to their presence on TikTok. Consumers are looking for the best new options across all categories, and TikTok is where the next generation is going to find them.

The Key to Success on TikTok for Brands

TikTok has given rise to 'Community Commerce,' a blend of community, entertainment, and shopping. This trend has been particularly influential in the Food & Beverage industry, where brands like Poppi (a probiotic beverage) saw a dramatic increase in sales following viral TikTok content. Other smaller brands that have gone viral have been Smackin' Sunflower Seeds, Pop Daddy Snacks, and Flat Iron Pepper Co. These brands can connect with users authentically through their "low budget" content while delivering product quality and experience. As more consumers try the product, they become brand champions and ambassadors with opportunities to share their own experiences and earn compensation via TikTok's affiliate program. User-generated content, often viewed as more authentic and reliable, is driving these brands to new heights. The brands that are winning on the platform are those that have been able to capitalize on TikTok's ability to be a full-funnel marketing solution that captures users on their journey from brand discovery to affinity and, ultimately, to purchase. Additionally, brands that are thinking like marketers and acting like creators are finding success with users on the platform.

What Sets TikTok Apart in E-commerce?

- **Influencer Partnerships:** Larger brands are collaborating with TikTok influencers for product promotion.
- **Hashtag Challenges:** Brands create and sponsor hashtag challenges to boost engagement and drive trends.
- **Extended Reach:** TikTok's algorithm allows brands to effortlessly reach new, highly targeted audiences who will see the brand's products without having to actively search for a specific product or brand.
- **Engagement vs. Advertising:** Brands are moving away from traditional advertising methods like sponsored ads on Amazon or Google, instead leveraging TikTok's model of community engagement.
- **TikTok Shop:** This feature has revolutionized the way brands sell to consumers, offering an interactive and seamless shopping experience.

Challenges for Brands Using TikTok Shop

- **Brand Authenticity:** Larger CPG brands struggle with authenticity compared to smaller brands, which affects how they connect with consumers. Influencer endorsements must be genuine to maintain credibility.
- **Supply Chain Readiness:** Consumers will expect to receive products in good condition and in a timely fashion. Smaller brands that are not accustomed to experiencing robust order volumes need to ensure their supply chain, manufacturing and distribution capabilities are well-prepared to maintain success on the platform and avoid rapid failure.
- **Ephemeral Trends:** Virality is fleeting. Brands must stay engaged with their community and adapt to evolving trends. Strategies that worked in 2023 might not be effective in 2024, necessitating continuous innovation and responsiveness to consumer preferences.

Conclusion:

TikTok is significantly reshaping how Food & Beverage companies approach e-commerce. Its unique blend of community-driven commerce, authentic content, and innovative marketing strategies offer new avenues for brands to connect with consumers. However, to fully leverage TikTok's potential, brands must remain genuine, agile, and attuned to the platform's rapidly evolving trends. As we move into 2024, the success of F&B companies on TikTok will depend on their ability to adapt, engage authentically, and harness the power of community-driven marketing.

Sources: Food Navigator, The Food Institute, Beverage Industry

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