
Inside TikTok Shop: The Economics, Creator Operations, and Strategic Decisions that Matter

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***TL;DR:** TikTok Shop is already a dominant force in beauty, health, and apparel, and it's taking share from omnichannel retailers fast enough that brands in those categories can't afford to ignore it. The challenge is that success requires treating it as a marketing investment rather than a profitable sales channel, and building an operating model capable of managing creators and content at a scale most brands haven't encountered before. Getting that model right is hard, but the brands that do are generating a competitive edge.*

14 minute read

TikTok Shop is one of the most-discussed topics in consumer brand strategy right now, and also one of the most misunderstood.

For brands in beauty, health, wellness, and apparel, the platform's scale is already substantial. TikTok Shop did \$65 billion in GMV in 2025 and is on pace to surpass \$100 billion, becoming a major channel in its key categories that include beauty, health, and apparel.

We recently attended [Netrush's Brand Day events](#) in New York and LA, which brought together TikTok Shop representatives, working creators, and peer health and wellness brands, one of the platform's largest categories. **What we heard was candid, and at times surprising. The opportunity is real. So are the costs and operational demands, which are unlike anything most brands have built for.**

The central challenge brands face is that TikTok Shop will almost certainly lose money if evaluated as a standalone sales channel. Affiliate (also known as creators) commissions in health run 22–28% of GMV (and 30–40%+ for brands just getting started). Add ad spend at roughly 20% of GMV, marketplace fees of 6–8%, fulfillment costs, sampling, near-universal discounting, and the

operational infrastructure to build and manage creator communities, and direct margins compress quickly. Whether that's an acceptable trade-off depends entirely on how a brand defines success on the platform.

Some brands look to TikTok Shop to function less as a profitable sales channel and more as a demand generator, particularly for Amazon, where branded search volume shows a meaningful correlation with TikTok Shop activity. But the attribution is imperfect, and the question of whether TikTok Shop is the most efficient way to drive that demand is one brands are still working through.

What follows is our synthesis of what senior eCommerce leaders need to understand about TikTok Shop: the scale of the opportunity, the economics, the operational model, and the tradeoffs involved. The goal is to give leaders the information to assess the TikTok Shop opportunity and what it takes to win on the platform.

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