

(Research/Review) Article

Analysis of the Impact of the Tiktok Shop on Msmes In Nanggalo District, Padang City

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Abstract: This study aims to answer the question: what is the impact of TikTok Shop on MSMEs in Nanggalo District, Padang City? The method used was descriptive qualitative, with data collection techniques through observation, interviews, and document study. Informants consisted of MSMEs who used and did not use TikTok Shop, as well as active consumers of the platform. The results showed that MSMEs who utilized TikTok Shop experienced increased revenue and expanded market reach. Conversely, MSMEs that had not used this platform faced decreased revenue and difficulties in promotion. This study concluded that digital literacy and adaptation to social commerce technologies such as TikTok Shop are important factors in increasing MSME competitiveness in the digital era. The results of this study are expected to serve as a reference for technology-based MSME development policies and strategies.

Keywords: TikTok Shop; MSMEs; Digital literacy; Social commerce; Competitiveness

1. Introduction

The development of information and communication technology has transformed the global economic landscape, including the patterns of people's interactions in conducting economic activities. One concrete manifestation of this transformation is the emergence of social commerce platforms like TikTok Shop, which combine elements of entertainment, social interaction, and economic transactions in a single digital system. TikTok Shop is not only a promotional medium but also a marketing tool capable of reaching consumers across regions quickly and massively (Erlina & Aribowo, 2023). With its content personalization algorithm and live streaming features, TikTok Shop offers a more interactive and dynamic shopping experience, especially for the younger generation, who are the platform's dominant users.

On the other hand, Micro, Small, and Medium Enterprises (MSMEs) are a crucial sector supporting the national economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to Gross Domestic Product (GDP) and employ over 90% of the national workforce. However, amidst the onslaught of digital transformation, many MSMEs are unprepared to adapt, particularly in utilizing digital media for marketing and distributing their products (Sutrisna, 2020). Low digital literacy, limited infrastructure, and a lack of technology-based training are structural barriers that limit MSMEs' ability to go digital (Rahmawati, 2022).

This phenomenon also occurs in Nanggalo District, Padang City, which has seen significant MSME growth year after year. Data from the Padang City Cooperatives and MSMEs Office indicates that the fashion sector is one of the dominant sectors engaged in by MSMEs in this region. However, most fashion businesses still rely on conventional methods to market their products. Lack of familiarity with digital marketing strategies and low digital

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literacy are major obstacles to increasing competitiveness. As a result, they experience stagnation and even decline in revenue, especially as the market shifts to platforms like TikTok Shop. Conversely, a small number of businesses actively using TikTok Shop have shown significant increases in sales, market expansion, and direct consumer engagement (Rifauddin & Halida, 2018; Suryani, 2023).

In interviews conducted by researchers, several businesses stated that TikTok Shop makes it easier for them to reach customers outside their region and visually introduce their products. However, on the other hand, some MSMEs admitted to struggling to keep up with technological developments and feeling burdened by the obligation to create content and conduct regular live streams. This suggests that not all MSMEs are equally prepared to embrace the digital era.

This research gap arises because most previous studies have focused primarily on the general impact of e-commerce on MSMEs, or focused on large platforms like Shopee and Tokopedia (Wiwin, 2022; Rauzah, 2024). Research on TikTok Shop remains limited, especially in a local context like Nanggalo District. However, TikTok Shop has distinct characteristics, based on short-form visual content and real-time interactions, requiring marketing strategies and content production capabilities not found on traditional e-commerce platforms. Therefore, this research is relevant and important in explaining how MSMEs adapt to the dynamics of short-form video-based social commerce.

The research question is: "What is the impact of TikTok Shop on MSMEs in Nanggalo District, Padang City?" The purpose of this study is to analyze the impact of TikTok Shop on MSMEs in Nanggalo District, both for those who use it and those who have not. This research also seeks to explore how consumer behavior and digital interaction patterns influence business sustainability, particularly in the fashion sector, the focus of the study.

The hope of this paper is that the research findings can serve as a reference for MSMEs to improve their understanding and skills in utilizing digital platforms. Furthermore, the results are expected to provide input for local governments in designing digital literacy programs and technology-based business mentoring for local MSMEs. In the context of policy development, this research can also serve as a basis for developing a digital community-based mentoring approach to make the MSME digitalization process more inclusive and sustainable.

Scientifically, this research contributes to enriching the literature on the digitalization of the MSME economy, particularly in the context of video-based social commerce. This research also presents novelties in the form of location-based analysis (Nanggalo District), sector focus (fashion MSMEs), and a theoretical approach utilizing Rostow's theory of social change. In this case, Rostow's theory (2010) is used to explain how MSMEs are in the transition stage from a traditional economy to digital modernity, characterized by the use of technology and market expansion through social media.

2. Preliminaries or Related Work or Literature Review

TikTok Shop is a form of modern social commerce that integrates social media and e-commerce features into one interactive platform. Not only does it function as a sales channel, but TikTok Shop also provides promotional tools based on short video content and live streaming, enabling direct interaction between sellers and consumers in real time. This characteristic distinguishes it from conventional e-commerce platforms like Shopee or Tokopedia, which are more static and transactional. According to Erlina and Aribowo (2023), TikTok Shop creates a more personal, spontaneous, and visual shopping experience, making it highly effective in attracting younger consumers accustomed to consuming fast and entertaining digital content.

On the other hand, Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in strengthening the national and regional economies. However, the biggest challenge they currently face is the digital divide. Sutrisna (2020) emphasized that low digital literacy and limited understanding of online marketing strategies are major obstacles to MSMEs adapting to the era of digital economic transformation. This phenomenon is often found in the fashion sector, where visual branding and online presence are crucial for business success. Meanwhile, Fitriani's (2021) research also revealed that distrust of technology and concerns about the risk of fraud are additional obstacles for MSMEs in maximizing digital platform adoption.

Theoretically, this research is based on Walt Whitman Rostow's theory of social change. In *The Stages of Economic Growth* (2010), Rostow explains that societies progress through five stages: traditional society, preconditions for takeoff, takeoff, transition to maturity, and high mass consumption. In the context of digital MSMEs, the use of TikTok Shop reflects the takeoff stage, where businesses begin to adopt technology to increase production and expand markets. This theory was chosen because it is relevant in explaining the dynamics of technological innovation adoption and its impact on local social and economic structures.

Previous empirical studies have extensively discussed the digitalization of MSMEs, but few have specifically focused on TikTok Shop. Rauzah (2024) showed that the use of marketplaces like Shopee can increase the turnover of MSME traders in Banda Aceh. Wiwin (2022) found that the use of e-commerce increased the revenue of kemplang cracker MSMEs in Lampung. Meanwhile, Lienta (2023) studied ornamental plant MSMEs in Pekalongan and concluded that social media expands market reach and increases customer engagement. However, these three studies have not examined significant differences between MSMEs that have utilized TikTok Shop and those that have not, and have not included the consumer perspective in depth as a variable in local economic dynamics.

Halim and Yusuf (2023) added that a visual content strategy tailored to TikTok trends can create an emotional connection between consumers and brands, making it more effective in building loyalty. Meanwhile, Andriani and Pratama (2024), in their study of TikTok Shop live streaming, found that two-way communication during live broadcasts was a crucial factor in driving impulsive purchasing decisions, especially among young consumers. This suggests that interaction-based shopping experiences have a significant psychological impact.

Susanti and Mahendra (2024) emphasized that one of the main obstacles to MSME digitalization is the unequal distribution of digital infrastructure and the lack of ongoing technology training support. This is relevant to conditions in Nanggalo District, where most MSMEs have not received adequate digital mentoring. On the other hand, Kusuma and Indrawati (2023) stated that TikTok Shop is a catalyst for local socioeconomic transformation because it requires entrepreneurs to become not only sellers but also content creators, community managers, and technology learners.

This research aims to fill this gap. Focusing on fashion MSMEs in Nanggalo District, Padang, this study provides a comparative analysis of businesses utilizing TikTok Shop and those not, both in terms of sales growth, promotional strategies, and digital adaptation challenges. Furthermore, the engagement of active TikTok Shop consumers is analyzed to provide a comprehensive overview of its impact on the local market. This study also presents local and region-specific perspectives, using modernization and digitalization theories, to enrich the limited literature in this context.

3. Proposed Method

This research uses a descriptive qualitative approach because it allows researchers to understand the social realities and subjective experiences of MSMEs in dealing with changes resulting from the presence of social commerce platforms like TikTok Shop. According to Moleong (2017), a qualitative approach aims to understand phenomena holistically through in-depth descriptions that cannot be achieved through quantitative methods. This research was conducted from May to June 2025 in Nanggalo District, Padang City.

The data used in this study consisted of primary and secondary data. Primary data was obtained through in-depth interviews with purposively selected informants, while secondary data was obtained from official government documents, MSME statistics, and relevant supporting literature. The primary data sources included MSMEs using TikTok Shop, non-users, and active TikTok Shop consumers. Patton (2002) stated that in qualitative research, data source selection prioritizes depth of information over quantity.

Data collection was conducted through semi-structured interviews, participant observation, and documentation. Interviews were used to elicit information regarding business actors' experiences, challenges, and perceptions of TikTok Shop. Observations were conducted to directly observe the digital activities of MSMEs, including promotional patterns, interactions with consumers, and sales strategies on TikTok Shop. Documentation was obtained from TikTok account screenshots, sales archives, and business activity records.

Sugiyono (2019) stated that the use of method triangulation in data collection can increase the validity of research results.

Informants were selected using a purposive sampling technique, selecting individuals deemed most relevant and with direct experience with the phenomenon being studied (Miles, Huberman, & Saldaña, 2014). The informant criteria included MSMEs in the fashion sector actively selling on TikTok Shop, MSMEs not yet using the platform, and consumers who frequently shop on TikTok Shop. The total number of informants was 13, consisting of:

- a) 4 MSMEs using TikTok Shop
- b) 5 MSMEs not using TikTok Shop
- c) 4 active consumers of TikTok Shop

The data analysis process was conducted using the interactive analysis model by Miles and Huberman (1994), which consists of three stages: data reduction, data presentation, and conclusion drawing. Data reduction was carried out by sorting and focusing data relevant to the research objectives. Data presentation was done in narrative form and using direct quotes from informants. Conclusions were drawn continuously throughout the analysis process to discover patterns and meaning from the data obtained.

By adopting this approach, the research is expected to fully illustrate how TikTok Shop impacts MSMEs from various perspectives: marketing, revenue, consumer reach, and changes in business patterns. The analysis process also involved cross-validation between data sources (data triangulation) to ensure the reliability and validity of the findings.

4. Results and Discussion

The research results show that the presence of TikTok Shop has had a significant impact on the business patterns of MSMEs in Nanggalo District, particularly in the fashion sector. This impact is divided into two main categories: (1) the impact on MSMEs that have utilized TikTok Shop, and (2) the impact on MSMEs that have not. Furthermore, the research also revealed the response of consumers, as active TikTok Shop users, in influencing local market dynamics.

MSMEs utilizing TikTok Shop have experienced a significant increase in sales volume. One informant, Mrs. Wira Susanti (34), stated that since regularly conducting live streaming, her revenue has increased by more than 40% in the past three months. TikTok Shop enables businesses to reach markets outside the region through a personalized For Your Page (FYP) algorithm system that targets consumers more specifically based on their interests (Erlina & Aribowo, 2023). Furthermore, the presence of instant discount features, video-based promotions, and direct checkout without leaving the app accelerate transactions.

However, this progress also comes with challenges. MSMEs using TikTok Shop stated they experience high work pressure due to the need to consistently produce content, maintain engagement with their audience, and regularly conduct live streams to remain visible in the algorithm (Juliana, 2023). Mr. Haris Putra (40 years old) said, "I prefer direct selling because I can see buyers directly, and I don't have to create content every day. It's tiring." This shows that in addition to economic opportunities, TikTok Shop also brings social consequences in the form of fatigue and dependence on the platform's algorithm performance.

Meanwhile, MSMEs that have not yet utilized TikTok Shop experience stagnation and difficulty expanding their market. Most of them only passively use social media platforms like WhatsApp and Instagram, or rely on word-of-mouth marketing. The main obstacles they face include limited digital literacy, a lack of technological tools, and a lack of confidence in appearing in front of the camera (Sutrisna, 2020). However, according to Rifauddin and Halida (2018), the ability to adopt digital technology is a key determinant of the sustainability and growth of small businesses in the modern era.

On the other hand, from a consumer perspective, interview results indicate that the majority of informants felt that TikTok Shop provided a fun, fast, and attractive shopping experience. They tended to be more interested in shopping while watching live videos because they could see the products directly and felt closer to the seller. This phenomenon indicates that consumers have shifted from need-based shopping to experience-based commerce, supported by visual content and emotional interactions through short videos.

When analyzed using Rostow's (2010) theory of social change, MSMEs using TikTok Shop reflect the characteristics of the take-off stage in the economic modernization model. They have shown signs of transitioning from traditional production patterns to a more

dynamic and competitive digital market orientation. In contrast, MSMEs that are not yet connected to the digital ecosystem are still in the pre-take-off stage, where the socioeconomic structure remains conservative and relies on old ways of doing business. This indicates a structural digital divide among business actors within a region.

Referring to the concept of the digital divide, this study confirms that the ability to access and utilize digital technology will determine the level of participation of MSMEs in the new economy. As Patton (2002) argued, successful adaptation to technological change depends on individual readiness, environmental capacity, and structural support from relevant institutions.

The synthesis of field findings and theory indicates that TikTok Shop is not merely a sales platform but has become part of a new socio-economic ecosystem. This platform requires MSMEs to not only sell products but also become content creators, digital community managers, and technology learners. Therefore, policies that support digital literacy and the sustainable empowerment of local businesses are needed to ensure they are not left behind in the digital economic transformation.

In addition to the opportunities and challenges faced by MSMEs, this study also shows that TikTok Shop has changed the way consumers build loyalty to local brands. Consumers no longer focus solely on product quality but also on the emotional connection with sellers built through live streaming interactions. This finding is reinforced by findings by Sari and Wardhana (2023), who stated that the presence of live commerce creates a close relationship between businesses and consumers, thereby increasing trust and increasing consumer inclination to make repeat purchases. Thus, this platform encourages the transformation of business relationships from transactional to relational.

Furthermore, the involvement of MSMEs in TikTok Shop also encourages the growth of a creative-based economy, requiring businesses to be skilled at creating engaging content, understanding social trends, and scheduling promotions that align with audience viewing times. According to Wulandari and Kurniawan (2023), MSMEs that are able to combine creativity with digital business strategies tend to be more adaptive in facing competition in the online market. This is evident in MSMEs in Nanggalo, who actively create educational content while promoting products in an aesthetic and informative manner.

However, a significant gap remains between MSMEs that are connected to the digital ecosystem and those that are not. In addition to technical barriers, such as internet access or equipment, there are also cultural barriers, such as distrust of social media as a primary sales tool. Several informants expressed doubts about digital payment systems and a preference for in-person transactions. This aligns with the findings of Fitriani (2021), who explained that resistance to technology among MSMEs often stems from a lack of understanding, fear of online fraud, and low community support. Therefore, a community-based approach and intensive training are needed to build trust and sustainable digital skills.

6. Conclusions

Conclusion

This study reveals that TikTok Shop has had a significant impact on the development of MSMEs in Nanggalo District, particularly in the fashion sector. TikTok Shop is not only a transaction platform but also creates a digital ecosystem that encourages MSMEs to adopt new roles as content creators, online marketers, and digital community managers.

MSMEs that actively utilize TikTok Shop experience a turnover increase of more than 40% within three months. They successfully reach new markets beyond their local area through the personalized, interest-based For Your Page (FYP) algorithm. However, this success is also accompanied by psychological pressure and a high workload, due to the demands of continuously going live, creating engaging content, and maintaining consistent digital interactions. This situation creates the risk of digital fatigue and dependence on the platform's algorithm.

Meanwhile, MSMEs that have not yet adopted TikTok Shop show business stagnation, with limited promotion and market access. The main obstacles lie in low digital literacy, limited technological devices, and a lack of confidence in showcasing products directly on social media.

From a consumer perspective, there has been a shift in consumption behavior from need-based to experience-based and entertainment-based consumption patterns. This demonstrates that TikTok Shop has revolutionized the producer-consumer relationship through an interactive and visual approach.

Analysis using Rostow's (2010) economic growth theory places TikTok Shop-using MSMEs in the take-off stage, where businesses have undergone structural changes toward a modern, technology-based business model. In contrast, non-using MSMEs are still in the pre-take-off stage, requiring structural support and digital training to adapt.

Research Implications

The results of this study provide a theoretical contribution to understanding the digital transformation of MSMEs in the context of the local economy. Practically, this study demonstrates the need for government policies that encourage equitable and sustainable digital inclusion, as well as the importance of providing adequate training, mentoring, and infrastructure.

Furthermore, these results suggest that social media platforms like TikTok Shop can be a strategic tool in microeconomic development if managed healthily and adaptively, and do not create excessive dependency for business actors.

Research Limitations

This study has several limitations. First, the geographic scope is limited to Nanggalo District, so the results cannot be generalized to other regions with different characteristics. Second, the descriptive qualitative approach used emphasizes data depth but fails to measure quantitative influences statistically, such as the precise contribution of TikTok Shop to revenue.

Furthermore, this study does not comprehensively explore gender dimensions, age-related technology access disparities, or the influence of digital work culture on the long-term well-being of MSMEs.

Application and Development

The results of this study can serve as a basis for:

- 1) Local governments in designing MSME empowerment programs based on social media and digital technology.
- 2) Business and training communities to develop training modules on creative content and algorithm literacy for small businesses.
- 3) Digital platforms like TikTok to evaluate features and support that address work-life balance and business sustainability.

The research can also be developed into a comparative quantitative approach, examining the relationship between TikTok Shop usage intensity and variables such as productivity, job satisfaction, and customer loyalty. A mixed methods approach can also be used to gain a more comprehensive understanding.

Recommendations

- a) For the Government: Continuous digital literacy training programs, provision of internet access and software that supports MSMEs, and policies to protect business actors from excessive workloads resulting from algorithm-based work systems are needed.
- b) For MSMEs: Maintaining a balance between productivity and mental health is crucial. Diversifying marketing strategies and not relying solely on a single platform will strengthen business resilience in the long term.
- c) For Future Researchers: It is recommended to conduct research on a broader scale, both regionally and by business sector, and to develop quantitative instruments to more measurably measure the social, psychological, and economic impacts of TikTok Shop use.

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