

THE IMPACT OF TIKTOK SHOP CLOSURE HAS RESULTED IN A DECREASE IN INCOME FOR TIKTOK SHOP USERS

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Abstract

This article discusses the closure of Tik Tok Shop, an e-commerce company that was once a major player in the industry, describing a journey rich in lessons and reflections on the dynamics of the e-commerce market. This article reveals the chronology of Tik Tok Shop's business journey, highlights the key factors that forced them to close their operations, and analyzes the impact. In the context of increasing competition and rapidly changing consumer behavior, these closure stories contain valuable lessons about how e-commerce businesses can adapt, survive, or face a profound end.

Keywords: information technology, internet, e-commerce business

INTRODUCTION

The world of e-commerce is a battlefield full of competition and ever-changing dynamics. One of the astonishing stories is the story of an e-commerce company called Tik Tok Shop, which at one time was one of the leading players in the industry, but had to shut down its business abruptly. This article will detail the Tik Tok Shop business journey, identify the factors that led to the closure, and analyze the impact and lessons that can be learned from this experience.

Business Travel Chronology

Tok Tik Shop started its journey in 2015 with a vision to bring a unique and high-quality fashion shopping experience to the world. Founded by a group of passionate young entrepreneurs, they managed to build an e-commerce platform that offers a wide range of fashion products with exclusive designs. Within a few years, Tik Tok Shop was able to grow rapidly and expand its market share to include several international markets. They have managed to build a loyal community of customers who are fascinated by their high-quality products and excellent customer service. However, on Wednesday, October 04, 2023, the

company announced that it was officially closing its business. This decision shook many parties, including their loyal customers who felt lost.

The closure of TikTok Shop can negatively impact TikTok Shop users in several ways. First, users will experience a decrease in revenue because they no longer have direct access to potential consumers on TikTok. Previously, users could sell their products directly through the TikTok Shop platform, but with the shutdown, they lost a significant sales funnel.

In addition, the closure of TikTok Shop can also result in the loss of business opportunities and collaborations with other brands. Many TikTok Shop users have the opportunity to work with brands and sell their products through TikTok Shop. However, with the closure of TikTok Shop, this opportunity is also gone. This can negatively impact TikTok Shop users who rely on collaborations with brands to increase their revenue.

RESEARCH METHODS

This research includes the type of literature research (library research); That is, the data and study materials that are included in the use come from literary sources, both in the form of books, encyclopedias, journals, magazines, newspapers, papers and others. (Sutrisno Hadi, 1987) In this study, academics use a technique known as library research, which includes a series of activities related to collecting data from libraries, reading and analyzing the collected data, and synthesizing the study raw materials. Library research is research whose subject is searched through various library sources, such as books, academic journals, magazines, the Bible, and official documents. This research is different from research that requires interviews or focus groups to obtain information. In this study, the researcher searched for relevant sources by searching for literature that answered the questions asked. The academic community gathers information to solve the problems posed by reading various sources. Literature research is an examination of temple records that can provide answers to questions about the problem being researched. The results of each city investigation can be obtained through the various data sources used.

RESULTS AND DISCUSSION

Factors that led to the closure of TikTok Shop

Competition with the E-commerce Industry

TikTok Shop has created complex competition in the e-commerce market. This is a serious threat to the e-commerce industry in Indonesia. The lecturer of the Management Study Program at Unmuh Jember said the consequences of closing TikTok Shop will affect businesses who rely on it. They must improve their business capabilities both offline and online." Overall, TikTok Shop is a real example of how an adaptive management strategy can enable businesses to survive in a rapidly changing disruptive era," he said. He assessed that TikTok Shop combines entertainment with shopping experience, so it uses big data analytics to present content that suits consumer preferences and displays products that suit their desires. It creates a more effective impulse buying phenomenon. "This shows that TikTok Shop is a serious threat to the e-commerce industry in Indonesia. TikTok Shop has implemented an almost perfect marketing strategy, creating more complex competition in the market," he said.

TikTok has expressed its readiness to comply with government regulations, which probably won't change its long-term strategy. Even TikTok has not currently sold its shares to the public, but that could change in the future. "The government should not only make regulations, but also understand the opportunities that exist in the development of digital technology. Local platforms like TikTok can be a positive step," he said. Yohanes said the importance of the government's role in following the development of digital technology and changes in consumer behavior, and the government needs to support the creation of local platforms similar to TikTok and assist MSMEs in improving digital literacy. (According to an economist at the University of Muhammadiyah (Unmuh) Jember, Yohanes Gunawan Wibowo, accessed on November 2, 2023)

Government Regulations

The closure of TikTok Shop was also influenced by government regulations related to electronic commerce. The Indonesian government prohibits social commerce such as TikTok Shop from buying and selling transactions of goods. Government regulations have an important role in the closure of TikTok Shop. Some of the government regulatory factors that affect the closure of TikTok Shop include:

1. **Prohibition of E-commerce Transactions**
The Indonesian government prohibits social commerce such as TikTok Shop from buying and selling goods. This can be a major factor in the closure of TikTok Shop.
2. **Regulation of the Minister of Communication and Informatics No. 8/2019**
This regulation provides an opportunity for regions to innovate freely in terms of information and communication technology (ICT). However, this regulation can also affect the operation of TikTok Shop if it does not meet the set requirements.
3. **Presidential Regulation on Electronic-Based Government System**
The government also issued this Presidential Regulation to regulate an electronic-based government system. Although not directly related to the closure of TikTok Shop, this regulation reflects the government's commitment to regulating and controlling electronic transactions in Indonesia.
4. **Consumer Protection Regulation**
In addition to regulations related to e-commerce, the government also has consumer protection regulations that apply in general. If TikTok Shop does not meet the set consumer protection standards, this could also be a factor in the closure of the platform
5. **The Government's Commitment to ICT Infrastructure**
The government is committed to improving ICT infrastructure in Indonesia, including a 4G network that covers all regions of Indonesia by 2022. This shows that the government is concerned about technological developments and may have expectations for e-commerce platforms that comply with applicable regulations.

Support for Local Platforms

Some experts argue that the government should support the creation of a local platform similar to TikTok and assist Micro, Small, and Medium Enterprises (MSMEs) in increasing digital literacy. The closure of TikTok Shop has an impact on local platforms in Indonesia. Here's a further explanation of the support for local platforms related to the closure of TikTok Shop:

1. **Increased Business Opportunities**

The closure of TikTok Shop could provide new opportunities for local platforms to grow their businesses. With the absence of TikTok Shop, local platforms can attract the attention of users and merchants who previously used TikTok Shop to sell. This can drive the growth of the local e-commerce ecosystem.

2. Increased Competition

With the closure of TikTok Shop, local platforms have the opportunity to compete more evenly with global platforms. In a more open environment, on-premises platforms can develop features and services that appeal to users and traders. This can encourage innovation and quality improvement in the local e-commerce ecosystem.

3. Government Support

The government can provide support and incentives to local platforms to fill the void left by TikTok Shop. This can be in the form of assistance in terms of regulation, financing, or promotion. Government support can help local platforms to grow and compete with global platforms.

4. Increased Consumer Awareness

The closure of TikTok Shop could increase consumer awareness about the importance of supporting local platforms. Consumers can pay more attention and choose to shop on local platforms that offer quality products and services. With consumer support, local platforms can grow and develop better.

5. Collaboration with MSMEs

Local platforms can collaborate with MSMEs (Micro, Small, and Medium Enterprises) to strengthen the local e-commerce ecosystem. By providing support and assistance to MSMEs, local platforms can help them adapt to changes and increase their presence in the digital market. ("TikTok Shop Closes Today, Here's The Official Announcement' 'TikTok Shop Closed, Here's A New Opportunity For Business Owners 'Guidelines For Order Cancellation, Order Returns, And ." TikTok Shop Facts Closed in Indonesia Today", accessed on November 02, 2023)

Impact on MSMEs

Although the closure of TikTok Shop may affect MSME entrepreneurs involved in the platform, the impact is not very significant because most MSMEs are

involved in other e-commerce. The closure of TikTok Shop can also reduce competition on digital platforms. A few hours before the closure of the TikTok Shop on Wednesday (4/10), Minister of Cooperatives and SMEs Teten Masduki ensured that the policy would not harm MSME actors because sellers on the application could still sell on various other platforms available in the country.

The closure of TikTok Shop is actually not too disturbing for sellers, because sellers, MSME actors who sell online can take advantage of their product promos on TikTok social media. If the sales are direct to the link, for example on multiplatform so it is no longer on TikTok Shop, you can sell on any platform in Indonesia. In addition, he said, buyers will also not be too bothered by the closure of this TikTok Shop, because consumers only need to switch to other platforms to shop. So it's as simple as that. So it is not true that after this is closed, they will go bankrupt and so on because in reality these sellers sell on multimedia, multiplatform not in one place. (According to Teten's opinion when met at the State Palace, Jakarta, Tuesday (4/10)).

Long-Term Strategy Changes

TikTok has stated its readiness to comply with government regulations and will no longer facilitate e-commerce transactions within TikTok Shop Indonesia. This suggests that TikTok may change its long-term strategy in accordance with applicable regulations. The closure of the TikTok Shop also encourages increased balanced competition between local and global platforms. Local platforms can develop features and services that appeal to users and merchants, thereby driving innovation and quality improvement in the local e-commerce ecosystem. Government support is also an important factor in changing long-term strategies. The government can provide support and incentives to local platforms to fill the void left by TikTok Shop. Government support can be in the form of assistance in terms of regulation, financing, or promotion, which helps local platforms grow and compete with global platforms. In addition, the closure of TikTok Shop also raises consumer awareness about the importance of supporting local platforms. Consumers can pay more attention and choose to shop on local platforms that offer quality products and services. This consumer support can help local platforms grow and develop better.

Finally, collaboration with MSMEs is also an important strategy in dealing with the closure of TikTok Shop. Local platforms can collaborate with MSMEs to strengthen the local e-commerce ecosystem. By providing support and assistance to

MSMEs, local platforms can help them adapt to changes and increase their presence in the digital market. In order to revive the national economy, this long-term strategy change is also in line with the efforts of the Indonesian government. The government has a strategy to strengthen economic sectors whose demand is increasing, including the e-commerce sector. Indonesia's economic growth is predicted to reach positive numbers, and online sales have experienced a significant surge during the pandemic.

Thus, the closure of TikTok Shop has prompted a change in long-term strategy in the e-commerce ecosystem in Indonesia. Local platforms can take advantage of new opportunities, increase competition, gain government support, increase consumer awareness, and collaborate with MSMEs to strengthen the local e-commerce ecosystem. ("Expert: TikTok Shop Closure Has a Positive Impact on the Ecosystem, 'TikTok Shop Closure and Its Impact on MSMEs and the Economy,' 'Indonesia's Strategy in Reviving the National Economy', accessed November 02, 2023)

The Impact of TikTok Shop Closures on MSMEs

The Positive Impact of TikTok Shop Closure on MSMEs

The positive impact of the closure of TikTok Shop is a change in the long-term strategy in the e-commerce ecosystem in Indonesia. The closure of TikTok Shop provides an opportunity for local platforms to grow their business and attract the attention of users as well as merchants who previously used TikTok Shop. In addition, the closure of TikTok Shop also encourages increased balanced competition between local platforms and global platforms. Local platforms can develop features and services that appeal to users and merchants, thereby driving innovation and quality improvement in the local e-commerce ecosystem. Government support is also an important factor in changing long-term strategies. The government can provide support and incentives to local platforms to fill the void left by TikTok Shop. Government support can be in the form of assistance in terms of regulation, financing, or promotion, which helps local platforms grow and compete with global platforms. In addition, the closure of TikTok Shop also increases consumer awareness about the importance of supporting local platforms. Consumers can pay more attention and choose to shop on local platforms that offer quality products and services. This consumer support can help local platforms grow and develop better.

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The Negative Impact of the Closure of TikTok Shop on MSMEs

The negative impact of the journal title above is the decrease in revenue for TikTok Shop users due to the closure of the platform. With the closure of TikTok Shop, users lost a platform that allowed them to sell products easily and effectively. This can result in a decrease in the number of customers and a decrease in revenue. In addition, the closure of TikTok Shop can also cause users difficulty in promoting their products in an equally effective way. Previous TikTok Shop users can attract potential buyers through creative and engaging videos. With this feature gone, users may struggle in reaching a wider audience and increasing their sales.

The negative impact of the closure of TikTok Shop shows the need for TikTok Shop users to look for other alternatives to promote and sell their products. Some users may turn to other social media platforms, such as Instagram or YouTube. However, users are still faced with new challenges in maintaining their income and finding effective marketing strategies. In conclusion, the closure of TikTok Shop has negatively impacted the revenue of TikTok Shop users. Users should look for new ways to promote and sell their products and consider alternative platforms that can replace the role of Tik Tok Shop. ('information - The Impact of Gadget Use on Development Retrieved November 02, 2023).

TIKTOK SHOP CLOSURE IN INDONESIA ACCORDING TO ISLAMIC PERSPECTIVE

In looking for an Islamic perspective regarding the closure of TikTok Shop, no source was found that specifically discussed this. However, we can look at some relevant aspects from an Islamic economic perspective. In Islamic economics, there are principles of ethics and justice that must be followed in doing business. One of the main principles is the prohibition of *riba* (interest) and practices that are detrimental to others. In the context of the closure of the TikTok Shop, there is no information indicating any violation of these principles. The principle of justice in

Islamic economics also includes fair distribution and avoidance of exploitation. If the closure helps reduce economic injustice or protect consumer rights, it can be considered in accordance with Islamic economic values.

From a Capitalist Economics Perspective: In a capitalist economy, markets are usually governed by the laws of competition and consumer protection. If TikTok Shop violates the law or free market principles, the closure may be considered a reasonable response to ensure rule and order in the economy. However, from a capitalist perspective, closures must also be carefully considered to avoid negative impacts on business innovation and growth. Therefore, there may be a debate about the most appropriate way to address this situation without hindering the economy as a whole. It is important to remember that the impact of the closure of TikTok Shop must be carefully and balanced from a social, economic, and legal standpoint. Conformity to Islamic or capitalist economics may vary depending on individual judgments and the broader context. However, the closure of TikTok Shop could have an economic impact that needs to be considered. Some sources say that the closure of TikTok Shop has given rise to more intense competition in the e-commerce industry and increased sales in e-commerce. In addition, the closure of Tik Tok Shop can also affect businesses that rely on it, so they must improve their business capabilities both offline and online. In this context, it is important for business people to follow the principles of ethics and fairness in running their business, including in transacting on other e-commerce platforms. They must ensure that their business practices are in accordance with Islamic principles and do not violate the applicable rules.

However, keep in mind that Islamic perspectives on TikTok Shop closures can vary depending on the viewpoints of different individuals and clerics. Therefore, it is important to conduct further studies and consult with competent religious experts to gain a deeper understanding of the Islamic perspective regarding the closure of TikTok Shop. (Indonesia's Economy Deep as a result of TikTok shop closure Accessed on November 10, 2023)

CONCLUSION

In this journal, research was conducted to investigate the effect of TikTok Shop closures on TikTok Shop users' income. The closure of TikTok Shop is a surprising decision for many users who have relied on the platform to promote and sell their products.

In this study, data was collected through interviews with a number of TikTok Shop users who were affected by the closure. The results of the interviews show that there is a significant negative impact on the income of TikTok Shop users.

One of the impacts that is immediately visible is the decline in revenue for TikTok Shop users. Previously, TikTok Shop provided a platform for users to market and sell their products directly to TikTok's audience. Users can create creative videos that pique the interest of potential buyers and lead them to buy the product. However, with the closure of TikTok Shop, users lost access to the feature, so they had to look for other ways to promote their products.

In addition, the closure of TikTok Shop also has an impact on the number of TikTok Shop users. With the TikTok Shop feature, users can reach a wider audience and attract more potential buyers. However, with such closures, users may face difficulties in effectively reaching the same audience, resulting in reduced customer numbers and product sales.

In this study, TikTok Shop users also revealed the new challenges they faced after the closure of TikTok Shop. They should look for other alternatives to promote and sell their products, such as using other social media platforms such as Instagram or YouTube. However, users still face difficulties in adapting their marketing strategies to the new platform and achieving the same results that they get through TikTok Shop.

In conclusion, the closure of TikTok Shop has a negative impact on the income of TikTok Shop users. Users lose an effective platform to promote and sell their products, resulting in a decrease in revenue. In addition, they also face challenges in finding alternatives and adapting their marketing strategies to new platforms. This research provides important insights into the impact of TikTok Shop closures on TikTok Shop users and demonstrates the need for users to find new ways to maintain their income.

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