



Shopify Inc (TSX:SHOP) Is Taking Business From Amazon!

Description

If you've ever wondered if **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) could take on **Amazon.com** ([NASDAQ:AMZN](#)), here's a tidbit for you to chew on:

Amazon recently set up a whole committee just to deal with the "Shopify threat."

According to Josh Rubin of the *Toronto Star*, Amazon set up the committee—known as "Project Santos"—to fight Shopify. Reporting by *Marketplace Pulse* goes on to say that the top-secret Amazon project aims to replicate parts of Shopify's business model.

If that's true, it should come as no surprise. Shopify has reportedly been taking business from Amazon, attracting many top vendors to its own platform. With much lower fees and more creative control, Shopify's platform does offer vendors many advantages. In this article I'll explore several top Amazon vendors that are now on Shopify—and try to gauge whether there will be more.

Amazon vendors migrating to Shopify

Recently, a number of top Amazon vendors have moved to Shopify. In most cases, they didn't *stop* selling on Amazon in order to start Shopify stores. However, the fact that they're now on Shopify means that Shopify's share of their sales is increasing. Some top Amazon vendors getting on the Shopify train include:

- **Bulletproof:** A top Amazon supplement vendor that [recently migrated from Magento to Shopify](#)
- **Hasbro:** A global toy company that has long been huge on Amazon, and is now using Shopify
- **Penguin Books:** A major publisher that sells books on Amazon and merchandise on Shopify

The above is just a small sampling of the long-time Amazon vendors who are now on Shopify. All of these companies still maintain their sizeable Amazon presence, but now choose to do at least a portion of their business on Shopify. In the next section, I'll explore possible reasons why that's happening.

Why Shopify is gaining at Amazon's expense

If Shopify is increasingly gaining at Amazon's expense, it's not hard to see why.

Shopify's cut of fees is much lower than Amazon's, and Amazon has been increasing its cut while Shopify has kept its cut flat over the years. As of this writing, Amazon took 30% of each vendor's revenue on a sale. Shopify took 2.9% plus 30 cents. For most vendors, Shopify offers a better deal. It does look like the 30 cent flat fee could be a barrier to those selling lower-priced items. But for anything priced at, say, \$10 or more, Shopify's fees are much lower.

A hard hill to climb

Despite all of the advantages Shopify has over Amazon, it has a hard hill to climb if it wants to catch up with it. Amazon owns a centralized web platform where customers can come and search for any product they like, giving Amazon a built-in advantage in driving traffic to order pages. Shopify, on the other hand, requires that vendors host their own websites, and [come up with the traffic themselves](#). That leaves Shopify vendors with higher advertising costs, among other things.

None of this means that Shopify can't catch up with Amazon in terms of total revenue. After all, it does have the edge on fees. But it goes to show that Shopify has a long road to walk before it gets where Amazon is now. Between Amazon's massive web presence and its advertising platform, it has a lot of built-in advantages.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

2. Tech Stocks

Date

2025/07/02

Date Created

2021/03/22

Author

andrewbutton

default watermark

default watermark