



Shopify's (TSX:SHOP) Google Partnership: The Key to Beating Amazon?

Description

Shopify Inc ([TSX:SHOP](#))([NYSE:SHOP](#)) recently scored a partnership with **Alphabet** ([NASDAQ:GOOG](#))([NASDAQ:GOOGL](#)). The partnership will see Shopify stores promoted in Google shopping and Shop Pay integrated with Alphabet's own merchant offerings. Alphabet, more commonly known as "Google," announced the partnership after a scorching-hot year for e-commerce, which saw online sales grow 44% year over year. It was the biggest annual sales jump in two decades — nearly triple the industry's 15% annualized growth rate.

By partnering with Shopify, Google is looking to take on the biggest force in the e-commerce industry: **Amazon** ([NASDAQ:AMZN](#)). Amazon is the leading e-commerce company and a [growing force in digital advertising](#), Google's bread and butter. By partnering with Shopify, Google is looking to grab some of Amazon's action. Here's how that will play out.

How this partnership will work

The Shopify-Google partnership involves a number of integrations between the two companies. These include

- Letting Google merchants use Shop Pay for payments;
- Including Shopify stores in Google Shopping results; and
- A new feature called "shopping graph" that will bring together data from websites, reviews, and ads to help consumers make better shopping decisions.

Together, these features could help drive more sales for Shopify. They could also help Google establish a bigger presence in e-commerce, an industry it's currently a relatively minor player in. Google Shopping already provides a great way for businesses to get found in search results. With Shopify integration, they'll now have a better way to get paid as well.

This could eat into one of Amazon's key advantages

While there has been a lot of talk in recent years about Shopify being the “next Amazon,” Shopify lacks one of Amazon’s key advantages: *discovery*.

Amazon has its own massive online store, which is currently ranked 11 in the world for web traffic. Amazon’s website lets it effortlessly drive traffic to its order pages — and to vendors’ pages as well. This makes it one of the best “discovery” platforms in the world, allowing customers to find what they’re looking for right on Amazon.

Shopify doesn’t currently have this advantage. Rather than providing an online store, it provides a tech platform for vendors to set up their own. [Vendors who sell on Shopify](#) are responsible for coming up with their own traffic. They may advertise with Google or any other third-party advertiser, but they don’t have a built-in advertising platform like Amazon vendors do.

The Google-Shopify partnership could change all that. Providing an easy way for Shopify stores to get discovered, it cuts into Amazon’s biggest advantage. If consumers could find Shopify vendors’ products just as easily as they find products on Amazon, that would be a game changer. Despite major investments in digital marketing, Shopify hasn’t been able to pull it off just yet. But now, with Google committed to driving traffic to Shopify order pages, it may be able to chip away at the biggest edge Amazon has over it. If all of this works out, then maybe Shopify will become the “next Amazon” after all.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:GOOG (Alphabet)
3. NASDAQ:GOOGL (Alphabet Inc.)
4. NYSE:SHOP (Shopify Inc.)
5. 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

2025/07/20

Date Created

2021/05/30

Author

andrewbutton

default watermark

default watermark