



Shopify (TSX:SHOP) Changed the Game!

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)), [Canada's most valuable company](#), made major announcements at an event yesterday that could bolster the stock's performance. Changes and upgrades to the developer ecosystem could be the perfect catalyst for the company's next leg of growth.

Here's what SHOP stock investors need to know:

0% revenue share

One of the biggest announcements at this year's Shopify Unite developers' conference was that Shopify is changing its revenue-sharing strategy. Starting August 1, Shopify developers can pay 0% of revenue up to the first \$1 million in annual earnings. This annual limit resets every year. Beyond the initial limit, developers must pay a 15% fee on revenue, which is down from 20% previously.

Eliminating the fee is a clever strategy to attract more developers to the Shopify ecosystem. It eliminates the barrier to entry for small development businesses and cements Shopify's position as the best platform for e-commerce services.

This move also puts Shopify in line with other tech giants who have slashed fees for small businesses and independent developers recently. Experts say these moves could mitigate the risk of developer complaints, lawsuits, and antitrust investigations across the world.

Online Store 2.0

Traffic to Shopify stores has surged over the past year. Now, to improve the customer experience, the team is overhauling the way online stores look and function. The overhaul, known as Online Store 2.0, bolsters the performance, streamlines content, and adds better user interfaces to the stores on the Shopify ecosystem.

It also reintroduces the Shopify Theme Store — a marketplace for developers to create and sell preconstructed themes to over 1.7 million merchants. Again, developers don't have to pay fees on theme sales up to \$1 million each year, but Shopify gets a 15% share of the revenue beyond that. This

should expand the company's top line.

Shopify Checkout

Shopify Checkout, the company's online payments solution, also received upgrades and tighter integrations with the core platform yesterday. Developers can now fully integrate Shopify Checkout throughout the customer journey, which should improve sales for the merchants and, in turn, Shopify itself.

This payment solution reduces friction and eliminates the payment-processing fees Shopify would have had to pay a third-party vendor like Stripe or **PayPal**.

Bottom line

Shopify is increasingly looking like the tech giant it deserves to be. The vertical integration with its payment solution is a great way to reduce friction. The launch of Online Store 2.0 should be exciting for merchants and developers.

However, the elimination of fees for small developers is the most noteworthy move here. Thousands of developers across the world actively enhance the platform with creative tools and software solutions. These range from simple themes to complex data management systems for Shopify's 1.7 million merchants.

Allowing small, independent developers to keep 100% of their revenue is a great way to attract more innovation to the platform. This should expand Shopify's pool of software solutions, which makes it easier to be a merchant on the platform. Over the long term, investors should expect this move to be indirectly reflected on the company's top line.

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