



Shopify's (TSX:SHOP) Partnership With YouTube Could Unlock Billions

Description

E-commerce giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) hasn't had a good year. The stock has dropped 74% year to date. Meanwhile, the company is struggling with layoffs and diminishing consumer demand. It needs a catalyst to unlock the next leg of growth in the years ahead.

The company's latest strategy to kickstart growth involves partnerships with social media platforms to boost access to consumers. This week, the Shopify team announced a new integration with YouTube. Here's how this collaboration could unlock value for long-term shareholders.

YouTube shopping

YouTube is the most popular video-streaming platform in the industry. The amount of content uploaded and viewed on the site surpasses most streaming giants. That's because the content is user generated. YouTube doesn't have to spend billions of dollars to produce shows.

YouTube communities traditionally generate revenue through the platform's built-in advertising engine. However, many creators also sell their own consumer products and merchandise to supplement income. That's where Shopify comes in.

Yesterday, the YouTube team announced that creators in the United States with over 1,000 followers were eligible to add their own Shopify store to the description box below each video. That means viewers can buy merchandise without leaving the YouTube platform. This feature could streamline the process of recommending items and selling them directly via live stream — a concept that is already popular in China.

If the project is successful, it could unlock billions in additional sales for Shopify. YouTube receives 14.3 billion visitors every month, 1.7 billion of which are unique monthly visitors. 62% of U.S. adults use the platform daily and the platform generated US\$28 billion in ad revenue last year. An integration with Shopify could divert some of this attention to Shopify's merchants.

Shopify's outlook

YouTube isn't the only platform that's announced a Shopify integration recently. The team has also managed to secure partnerships with other social media giants like TikTok and Instagram. All these platforms are popular for social recommendations and product reviews of consumer goods. In China, shopping for clothes and makeup through a livestream is a lucrative business model.

But it remains to be seen if this can work in other parts of the world. Shopify also has to deal with declining consumer confidence and economic pressures. Rising inflation is cutting into disposable income, so it's unlikely that these social media partnerships will offset such headwinds.

Nevertheless, investors should keep an eye on Shopify's new growth strategy. The [stock](#) is beaten down right now, so any indication of growth ahead could be a positive catalyst. The stock price is already up 6% this morning after yesterday's announcement.

Bottom line

E-commerce giant Shopify faces a brutal year ahead. Consumer confidence is declining as inflation reduces disposable income for ordinary shoppers. To offset this, the team has secured new partnerships with social media platforms like YouTube and TikTok. If successful, these partnerships could unlock tremendous value for long-term investors. Keep an eye on this new growth strategy.

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