Sara Lebow

Amazon, Walmart, and Shopify compete in the battle of the marketplaces

Article

Marketplaces are fighting for dominance in US ecommerce. Though Amazon remains solidly atop ecommerce sales, Walmart and Shopify are battling to carve into Amazon's revenues.

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Here are the latest updates in ecommerce, advertising, and partnerships from these major players.

1. Walmart vs. Amazon

Amazon leads Walmart in US retail ecommerce sales, per our forecast ($431.11 billion compared to $73.45 billion, respectively).

Walmart recently revamped its website, putting its ecommerce experience ahead of Amazon's. "It's a much, much, much better looking website, and it's now a much better digital experience than Amazon offers," our analyst Zak Stambor said on an episode of our "Behind the Numbers: Reimagining Retail" podcast. "And one of the reasons for that is because Amazon's website is really cluttered with ads."

That's because Amazon's US ad business is so much bigger than Walmart's ($33.96 billion versus $3.16 billion, respectively), according to our forecasts for this year. Ad revenues were up in the first quarter for Amazon, at $9.5 billion compared to an expected $9.1 billion, per StreetAccount data cited by CNBC.

2. Amazon vs. Shopify

The digital marketplaces are fighting over Amazon's Buy with Prime feature, which launched last April. The offering would encourage Amazon's 173.5 million US Prime users (per our forecast) to click Amazon's logo and buy seamlessly from brand websites. But only a few hundred brands have signed up since it launched due to a roadblock from Shopify, which considers Buy with Prime a violation of its terms of service.

Shopify is smart to prevent adoption. The company could lose between 8% and 18% of its annual revenues to Amazon, according to a UBS analysis reported by Insider. As of now, Shopify and Amazon are reportedly talking about some sort of integration.

3. Walmart vs. Shopify

The companies partnered in 2020, opening Walmart's Marketplace to Shopify's sellers, which made sense when Shopify was a slightly smaller fish—Shopify saw nearly 100% US ecommerce sales growth in 2020 and 40% growth in 2021, according to our forecast.

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Shopify surpassed Walmart in US ecommerce sales in 2021, per our forecast, though Shopify's figure includes sales on retailer-owned sites while Walmart is limited to its own websites. This year, Shopify will see $108.15 billion in US ecommerce sales compared to Walmart's $73.45 billion.

Shopify is investing in its own logistics services. Walmart is also beefing up its logistics, but the retailer recently had to lay off fulfillment workers. Shopify and Walmart's relationship could strain as competition continues.

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