

# The key trends driving Shopify's growth

Article

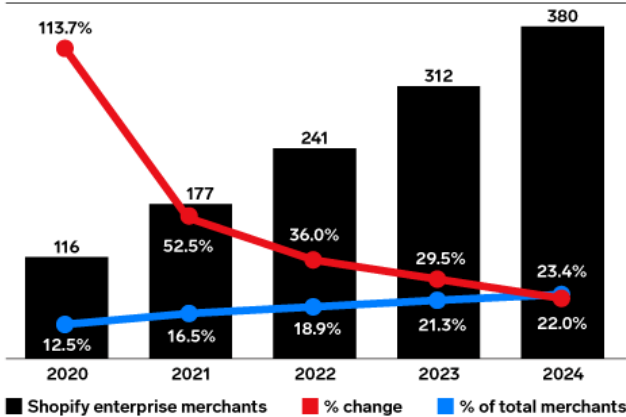
Since the start of the pandemic, **Shopify** has emerged as a leading ecommerce platform for merchants large and small. Its growth will continue to outpace that of competitors, despite rising headwinds that pose a challenge to online retail.

**Shopify's pandemic boom was unprecedented.** Between 2020 and 2021, it **nearly tripled** its revenues, **more than doubled** its GMV, and **nearly doubled** its merchant count since 2019, according to the company. Wary of relying on **Amazon**, many digitally native vertical brands (DNVBs) have instead run with Shopify—including some, like sneaker label **Allbirds** and healthcare apparel brand **FIGS**, that rode their direct-to-consumer (D2C) success to IPOs.

Shopify's strong gross merchandise value (GMV) growth has been turbocharged by an influx of enterprise merchants (defined as those with an annual GMV of over \$50 million). This cohort will make up nearly a quarter of Shopify's total merchant count in 2024, nearly doubling its share from 2020's levels.

### US Shopify Enterprise Merchants Growth and Penetration, 2020-2024

thousands, % change, and % of total merchants



Note: enterprise merchants are merchants whose annual GMV is over \$50 million  
Source: eMarketer, April 2022

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Even major brands needed to rapidly develop D2C strategies during the early days of the pandemic. By expanding into headless commerce, Shopify has become more competitive against other ecommerce platforms like **Adobe Commerce** (formerly known as Magento), **Salesforce**, and **Oracle**.

### US Shopify and Digital Commerce Platform Gross Payment Volume, 2020-2024

billions and % change

	2020	2021	2022	2023	2024
<b>Shopify commerce</b>	<b>\$35.95</b>	<b>\$55.30</b>	<b>\$76.22</b>	<b>\$94.89</b>	<b>\$113.87</b>
—% change		104.5%	53.8%	37.8%	24.5%
<b>Total digital commerce</b>	<b>\$169.77</b>	<b>\$217.73</b>	<b>\$275.24</b>	<b>\$324.82</b>	<b>\$377.50</b>
—% change		39.6%	28.2%	26.4%	18.0%

Note: represents the total dollar value of online transactions that pass through a payment system available on a digital commerce platform; includes retail and B2B sales  
Source: eMarketer, April 2022

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Payments are the key growth engine for Shopify—and a potential hub for its developing flywheel. Shopify's suite of merchant solutions—chief among them its payment processing

service, Shopify Payments—accounted for **close to three-quarters** of revenues in Q1 2022. This is a reversal from Shopify’s early reliance on charging merchants recurring fees to use its digital commerce platform services, which accounted for **around two-thirds** of revenues in 2015, at the time of Shopify’s IPO.

- While its merchants are free to use other payment services, Shopify Payments offers lower transaction fees—a strong incentive for participation. Shop Pay, Shopify’s one-click checkout solution, stores customer payment information across Shopify merchants, and boasts faster speeds and higher conversion rates.
- Shopify’s in-house payment platform also offers merchants a better integration (via payment review, refunds, chargebacks, etc.) and offers consumers a streamlined checkout process.
- Shopify took a stake in buy now, pay later (BNPL) provider **Affirm** and uses it to power its Shop Pay Installments. The service recently expanded its payment options from the traditional “Pay in 4” interest-free installments model to allow consumers to finance purchases of up to **\$17,500** over a period of up to 12 months.

[Read the full report.](#)