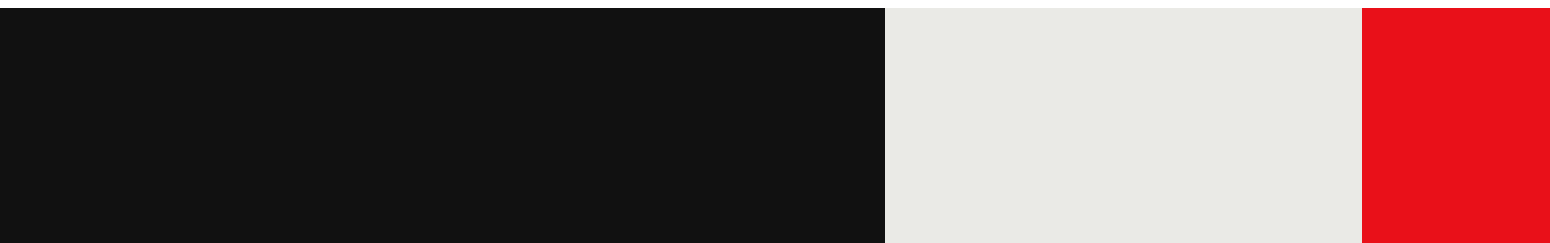# Shopify looks to logistics, social commerce to spur growth

Article
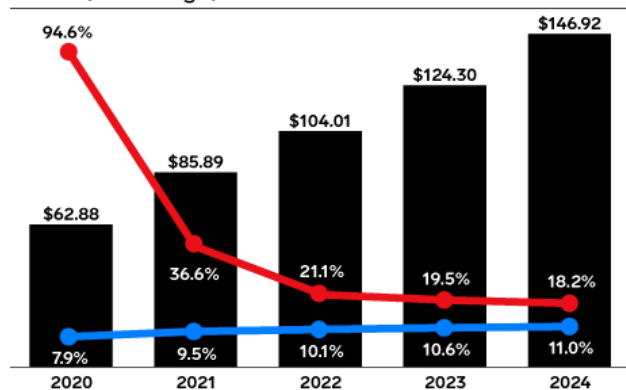
The news: While **Shopify**'s market cap is down 80% from its November 2021 peak, that hasn't slowed the platform's relentless push to **broaden the services it offers merchants**. In the past few weeks, Shopify:

- **Partnered with YouTube to allow creators and merchants to sell products on their channels.**

- **Closed its acquisition of technology startup Deliverr**, which it will combine with Shopify's self-operated warehouse hubs to power a new service it calls **Shop Promise**. The service will provide Shopify customers with two-day and next-day delivery, as well as expanded options for storage, freight, inventory preparation, and returns.

US Shopify Retail Ecommerce Gross Merchandise Value (GMV), 2020-2024

billions, % change, and % of retail ecommerce sales

	2020	2021	2022	2023	2024
Shopify retail ecommerce GMV	$62.88	$85.89	$104.01	$124.30	$146.92
% change	94.6%	36.6%	21.1%	19.5%	18.2%
% of retail ecommerce sales	7.9%	9.5%	10.1%	10.6%	11.0%

- Shopify retail ecommerce GMV
- % change
- % of retail ecommerce sales

Note: represents the total dollar value of digital retail sales facilitated by digital commerce platforms, including sales on owned and operated sites, social media platforms, and digital marketplaces; excludes physical store sales, B2B sales, and nonretail categories, such as food services, event tickets, and travel
Source: eMarketer, April 2022

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The social commerce play: Shopify's technology provides the connective tissue that links merchants with consumers to enable social networks to evolve into selling platforms. Its social commerce partnerships with **TikTok**, **Facebook**, **Instagram**, **Snap**, **Pinterest**, **Twitter**, and now **YouTube** provide retailers with an alternative ecosystem to **Amazon**.

- The new **YouTube partnership enables creators to display products below videos, during livestreams, or at the end of videos**.

- **YouTube sellers' inventory syncs with Shopify** to ensure shoppers won't see items that are out of stock. US-based creators have the option to enable on-site checkout.

- Leveraging the existing relationship between either YouTube creators or merchants and consumers to facilitate transactions makes sense. 89% of viewers agree that YouTube creators give recommendations they can trust, per a Publicis and TalkShoppe survey conducted on behalf of YouTube.

The logistics play: Shopify CEO **Tobi Lütke**'s goal is to "not only level the playing field for independent businesses, but tilt it in their favor—turning their size and agility into their superpower," he wrote in a blog post announcing the Deliverr acquisition.

- But for that to prove successful, the platform needs to find ways to counter Amazon's logistics expertise, which is one of its key strengths.

- Integrating Deliverr into the Shopify Fulfillment Network aims to **help merchants reduce logistics costs and simplify the process of managing complex supply chains**. By providing a multichannel inventory management platform, Shopify seeks to provides a single place for merchants to ship their inventory for different sales channels. It also offers demand-driven inventory placement that positions inventory near where orders are predicted to come from, and an expanded network of warehouse partners, carriers, and last-mile partners to enable them to offer reliable two-day and next-day delivery.

- Shopify also recently began including shipping insurance for businesses on the Shopify, Advanced, and Shopify Plus plans to provide an extra layer of protection when they send products to customers.

The big takeaway: Shopify faces a number of headwinds, including Amazon pushing onto its turf by allowing non-Amazon merchants to add a Buy With Prime button to their websites and apps. But by expanding its offerings—including its recent launch of more than 100 new business-to-business (B2B) ecommerce, offline and local retail, and social commerce tools—it should be able to continue outpacing its competitors.

Go further: Read our Spotlight on Shopify.

Shopify and US Digital Commerce Platform Retail Ecommerce Gross Merchandise Value (GMV), 2020-2024

billions and Shopify % of total digital commerce platform retail ecommerce GMV
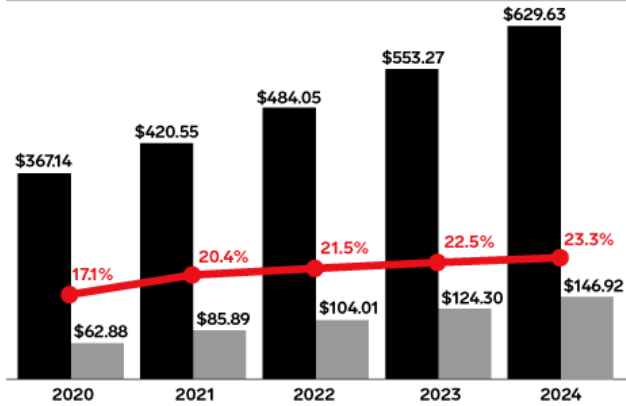
- ■ Total digital commerce platforms GMV
- ■ Shopify GMV
- ■ Shopify % of total digital commerce platform retail ecommerce GMV

Note: represents the total dollar value of digital retail sales facilitated by digital commerce platforms, including sales on owned and operated sites, social media platforms, and digital marketplaces; excludes physical store sales, B2B sales, and nonretail categories, such as food services, event tickets, and travel
Source: eMarketer, April 2022

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