

# Amid e-commerce boom, anti-Amazon Shopify takes flight

October 18 2020

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The pandemic has forced businesses worldwide to pivot online to survive, and many have turned to Shopify, a Canadian company that has emerged as a thriving alternative to Amazon.

Founded 15 years ago in Ottawa, Shopify allows businesses to create an

e-commerce site in just a few clicks. Already growing with more than one million e-stores at the end of 2019, its user base has exploded.

"The retail world that would have existed in 2030 has really been pulled back into 2020," Shopify president Harley Finkelstein said in an interview with AFP.

"It feels like COVID has permanently accelerated the growth of online commerce."

Amid a lockdown of bricks and mortar stores, online commerce has boomed this year. Consumers have grown accustomed to buying over the internet, and industry giants, led by Amazon, have seen sales rocket.

At the same time, many businesses that did not have a presence or a direct online sales channel took the plunge as the pandemic took hold.

Popular with entrepreneurs, Shopify saw the number of new stores created on its platform jump 71 percent in the [second quarter](#) compared to the previous one.

One of these new e-merchants is Tariq Al Barwani, creator of Plentea, a tea bar in Toronto that remained open in March at the start of the lockdown.

But with only a handful of customers a day, the situation quickly became untenable, forcing him to go out of business in May.

The same month, supported by a municipal program helping small businesses affected by the crisis to go digital, he opened a store on Shopify.

"It took us a week," he recalls from his living room, overlooking Lake

Ontario, where he now works. "If you are used to going on the internet, it is easy to understand."

Shopify has become a resounding success far from Silicon Valley.

It was co-founded in 2006 by Tobias Lutke, a young German who'd moved to Canada for love and designed the software originally to sell snowboards over the internet.

Hailed for its simplicity, it has seen the number of stores on its platform grow from 150,000 in 2014 to over one million—in 175 countries—in 2019, asserting itself in the eyes of many independent merchants as an alternative to Amazon.

"For retail to thrive, it has to be in the hands of the many, not the few," Finkelstein said.

"We need to have as many retailers, as many brands, as many entrepreneurs and small businesses selling, so that we don't all look the exact same, (and) so we don't buy the exact same stuff."

## **'Arm the rebels'**

More bluntly, Lutke, now 40, said on Twitter last year: "Amazon is trying to build an empire. Shopify is trying to arm the rebels."

When they created their clothing line in 2015, the Toronto-based founders of Kotn, a brand that emphasizes traceability, went straight to Shopify.

With Can\$10,000 (\$7,500) in startup funds, they couldn't afford to hire an agency.

And unlike Amazon's marketplace, Shopify allowed them to "tell (their) own story" and to control their relationship with customers, Mackenzie Yeates, one of the co-founders, told AFP.

Shopify is also enjoying growing success with established brands looking to sideline intermediaries who sell their wares and to build direct relationships with customers.

Pepsi, Unilever and Mondelez have all opened storefronts on Shopify in recent years.

Ketchup maker Heinz and Lindt chocolates recently followed suit. Celebrities like Kylie Jenner and Victoria Beckham also use it to sell products to their fans.

As a result, the volume of sales handled by the platform increases quarter after quarter, and in the United States, Shopify merchants are now the second largest grouping of online merchants in the country, behind Amazon.

Investors have taken note too.

On the Toronto and New York stock exchanges, Shopify's share price has tripled since March. With a [market capitalization](#) of around Can\$170 billion at mid-October, it has become Canada's most valuable company.

Toronto e-commerce expert Chris Silvestre says it's "a fantastic company," but considers its stock overvalued, in part because it is still largely unknown how the e-commerce sector will evolve once the pandemic has peaked.

As for Al Barwani, his online store sales have exceeded expectations but still remain well below his former tea bar.

While it was easy to launch his site, building new customers will take time, he concedes. Above all, he will have to get used to his new virtual life.

"I do miss my tea bar," he said. "It was nice to see locals come by and saying 'hi,' asking how you're doing... (ask) what are you up to this weekend, or how's your family doing.

"Those kinds of interactions are really hard to replicate online."

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Citation: Amid e-commerce boom, anti-Amazon Shopify takes flight (2020, October 18)  
retrieved 10 April 2024 from  
<https://techxplore.com/news/2020-10-e-commerce-boom-anti-amazon-shopify-flight.html>

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