VOLUME 01-B

Shopify

The Merchant Operating System

Shopify is the counter-bet to Amazon.

Own the customer, rent the rails, and keep the margin.

$378B	$11.6B	3.05%	65%	~2.9M
GMV (2025)	Revenue	Blended take rate	Payments penetration	Live merchants

AT A GLANCE

Shopify built a $378B commerce economy without ever running a marketplace.

Shopify sells the tools and takes a small cut of everything its merchants sell. No warehouses it has to fill, no marketplace it has to police. The more its merchants win, the more Shopify earns. The whole model rests on one trade: the customer stays yours, and you bring your own traffic.

$378.4B
Gross merchandise volume, up 29%

$11.56B
Revenue, up 30% year on year

3.05%
Blended take rate on GMV

$2.0B
Free cash flow, an 18% margin

~2.9M
Live merchants across 175+ countries

65%
Of GMV runs through Shopify Payments

All figures FY2025, company filings. GMV and revenue growth year on year.

THE REVENUE MODEL

Shopify earns more the more its merchants sell.

$8.8B

Merchant Solutions

76% of revenue and the growth engine. Payments, Capital, shipping, and ads, all tied to GMV. Gross margin near 38%.

$2.75B

Subscription Solutions

24% of revenue. The recurring platform fee from Basic to Plus. Gross margin near 80%, the high-margin anchor.

FY2025 REVENUE MIX

The tell. The mix keeps tilting toward payments, so blended gross margin eased to roughly 49%. Revenue now rises with GMV, and the take rate holds near 3%. Shopify is becoming a payments company wearing a SaaS badge.

THE COUNTER-BET

Amazon takes a third of every sale. Shopify takes three cents on the dollar.

~3%

Shopify blended take rate.

A payment fee plus the subscription. The merchant keeps the rest.

Share of GMV taken by the platform

30-40%

Amazon effective seller take.

Referral fee, FBA, storage, and the ads a seller has to buy to be seen.

Share of seller revenue taken by the platform

The trade is the whole thesis. On Shopify a brand keeps the margin and the customer, and pays to bring its own traffic. On Amazon it rents the traffic and gives up both. That single choice is what the counter-bet comes down to.

THE REAL PRODUCT

The real product isn't the storefront. It's who owns the customer.

	Shopify	Amazon
Customer data	The merchant owns it	Amazon controls it
Brand	Full control of the storefront	Shown under Amazon's brand
Economics	~3% of GMV	30-40% of seller revenue
Fulfilment	Asset-light, partner-run	FBA, the industry standard
Traffic	The merchant brings its own	Built into the marketplace
Loyalty	No Prime equivalent	180M+ Prime members

THE QUESTION UNDERNEATH

Two opposite bets on one thing: does the customer belong to the brand, or to the platform?

WHERE THE MONEY IS

The 'arm the rebels' story is quietly becoming an enterprise story.

THE CONCENTRATION NOBODY MARKETS

51%

of GMV comes from the top 1% of merchants

<14%

of GMV from the 90% that are small businesses

THE GROWTH VECTORS IT DOESN'T LEAD WITH

B2B GMV up 96%
the fastest-growing slice, from a small base

International revenue up 36%
Europe GMV up 42%, outpacing North America

Plus is 34% of recurring revenue
at under 2% of merchants. Gymshark, SKIMS, Mattel, Glossier

The read. The small-business base is the funnel and the brand story. The money, and the growth, is moving up-market to enterprise, B2B, and cross-border. The teardown should watch that shift, since it's where the next chapter is written.

THE ENGINE

Payments is where Shopify actually gets paid.

65%

of GMV runs through Shopify Payments, up from 60% in 2024 and 67% by early 2026

~$246B

gross payments volume in 2025, the largest merchant-solutions line

$43B

processed by Shop Pay in Q4 alone, over half of US volume, with 200M+ saved buyers

$5B+

lent through Shopify Capital, underwritten on the platform's own transaction data

The catch. This is the most mature axis, and the reason margin is compressing. Payments grow revenue and capture at the same time, and they dilute the blend.

THE STRUCTURAL GAP

Shopify tried to out-Amazon Amazon on logistics, then walked away.

2022 — **Expansion Peak**
Buys Deliverr for $2.1B and builds the Fulfillment Network

2023 — **The Pivot**
Sells it all to Flexport and takes a 13% equity stake

2023 — **Financial Cleanup**
Books a $1.34B impairment on the logistics retreat

Today — **Current Strategy**
Asset-light. Shipping labels and partners, no owned network

The retreat is the strategy. Shopify decided it won't own capital-heavy fulfilment, and that single choice reshaped everything downstream. It's exactly why Amazon's Buy with Prime now runs as an app on the platform: Shopify handed the physical layer to partners, including the rival it was built to counter. This is the biggest structural gap in the model, and it's deliberate.

DIGITAL COMMERCE MATURITY MODEL™

On the model, Shopify is a specialist, strong where it chooses to be.

Composite Score

17 / 25

3.4 / 5.0

Below Amazon's 4.6 by design.

Shopify chose to be an enabler rather than an infrastructure monopoly, so the low logistics and marketplace scores are the strategy itself.

3/5 — **Marketplace & assortment**
Millions of merchants and wide channel reach, and no discovery moat.

2/5 — **Logistics & fulfilment**
Asset-light after the Flexport exit. Shipping labels and partners, no owned network.

4/5 — **Payments & financial services**
65% penetration, Shop Pay, and Shopify Capital. Most mature axis.

4/5 — **AI & personalisation**
Sidekick, Magic, and UCP. Selling inside ChatGPT, Copilot, and Google.

4/5 — **Ecosystem lock-in**
13,000+ apps and deep Plus stickiness. High switching costs.

THE COMPETITIVE THREAT

What actually threatens Shopify.

1 AI agents could bypass the storefront

The double-edge. UCP is the hedge, and the disintermediation risk is real.

2 Social commerce keeps the customer

TikTok Shop and Instagram own the buyer that Shopify wants merchants to own.

3 Shein and Temu compress margins

Merchant net margins have slid from ~17.5% to ~10.5% on rising traffic costs.

4 Payments is 76% of revenue

Interchange rules, Stripe, PayPal, and Adyen all press the largest line.

5 SMB churn runs 30-35% a year

The entry base leaks, so acquisition has to keep refilling it.

The Cushion

Shopify's US buyers skew affluent, over half earn above $100K, and barely 1% of GMV was exposed to the China de minimis change. The premium base absorbs the low-price pressure better than the category average.

EXECUTIVE SCENARIOS · THROUGH 2028

Three scenarios, and AI commerce decides which one runs.

60%

PROBABILITY

SCENARIO BASE

- Revenue grows 20-25% a year
- GMV reaches $600-700B by 2028
- Take rate holds near 3%
- Margins widen on operating leverage

Steady compounding. Enterprise and payments carry the story.

25%

PROBABILITY

SCENARIO BULL

- UCP makes Shopify the AI-commerce rail
- Revenue past $25B by 2028
- Take rate expands toward 3.5%
- B2B turns material

Shopify becomes the default backend for agentic shopping.

15%

PROBABILITY

SCENARIO BEAR

- AI agents disintermediate storefronts
- Consumer slowdown hits SMB GMV
- Churn climbs above 35%
- Growth slows to 10-15%

The premium multiple compresses hard.

Decision signal. Watch AI-commerce order growth and Shopify Payments penetration toward 70%. They tell you early which scenario is running.

STRATEGIC IMPERATIVE

What digital leaders must do now.

IF YOU SELL ON SHOPIFY

Own the customer you're given
Build first-party data and retention. That ownership is the point of the platform.

Diversify your traffic
Don't rent all of it from Meta and TikTok. Those channels can move against you.

Use the financial stack
Payments, Capital, and Installments lift conversion and cash flow.

Act. Stand up an owned CRM and retention program within 90 days.

IF YOU COMPETE WITH SHOPIFY

Attack the churn seam
SMB churn runs 30-35%. Win the merchants Shopify keeps losing.

Exploit the logistics gap
Shopify is asset-light. Bundle fulfilment it can't offer in one place.

Go where it's thin
Deep vertical features and true enterprise commerce.

Act. Package fulfilment plus payments SMBs can't get from Shopify alone.

IF YOU INVEST IN SHOPIFY

Mind the multiple
It trades near 12x sales, roughly four times Amazon's. Priced for growth.

Track the take rate
Payments penetration and Merchant Solutions margin decide the thesis.

Watch the growth line
Any slip below ~20% growth re-rates the stock fast.

Act. Market cap ~$158B, P/S ~12.5x versus Amazon ~3x. Monitor quarterly.

Urgency. The same 12 to 18 month window applies. Agentic commerce locks in buyer behaviour through H2 2026.

DATA NOTE · WHERE SOURCES DIVERGED

Where the numbers disagreed, I resolved to Shopify's filings.

Figure	The divergence	How I resolved it
Merchant count	~2.9M live stores vs 6.9M domains with Shopify code	Use ~2.9M live. Higher counts include inactive and trial stores
US e-commerce share	12% (Shopify, Census basis) vs 14%+ (third parties)	~12 to 14%, the clear number two behind Amazon
Take rate	3.0% to 3.15% across quarters and sources	3.05% blended for 2025, from reported revenue and GMV
AI order growth	10x to 15x, from a small base	Directional, over 10x. Reported as emergent

Method. Two independent research passes were reconciled against Shopify's 2025 filings. ChatGPT was unavailable this round, so the teardown rests on the Claude and Kimi passes plus primary sources, resolved rather than averaged.

Pairs with Volume 01-A: Amazon owns the customer. Shopify rents you the tools to own your own.

THE BOTTOM LINE

Amazon owns the customer. Shopify rents you the tools to own your own.

The counter-bet is simple. Keep your margin, keep your customer, and bring your own traffic. For brands that can, it's the better deal. For the ones that can't, Amazon is still waiting.

Olga Davidian

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