



SANMAY KUMAR

CONTRIBUTORS

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- Pursuing graduation in Bachelor's in Business Administration.
- Being passionate towards the field I have interned at various startups.
- I am currently working on a startup in the retail technology space.



shopify

INDUSTRY TRENDS



Online Sales Growth is Unstoppable



The sales are projected to increase from **1.3 trillion in 2014** to

4.5 trillion

in 2021.
(Statista, 2019)



Evolving Role of Social Media in Ecommerce



Ecommerce features by Facebook, Instagram, and TikTok to boost the number of social shoppers.
(Facebook 2014, Instagram 2019, Digitalcommerce360 2019)



Augmented Reality Transform How We Shop

By 2022, over

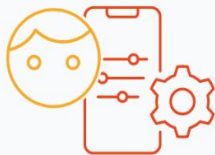
120,000

stores will be using Augmented Reality (AR) technologies, offering a much richer buying experience.

(Pnwswire, 2018)



Personalization is the Future



More than

50%

of shoppers say that a personalized online experience is important.

(Bazaarvoice, 2018)



Mobile Shopping is Growing



Sales made via mobile devices increased by 15% since 2016.

73%

of ecommerce sales will be made on mobile devices by the end of 2021.

(Statista, 2019)



Visual Commerce Is on the Rise

The global image recognition market is set to hit

\$81.88 billion

by 2026.

(MarketWatch, 2020)



CURRENT TRENDS

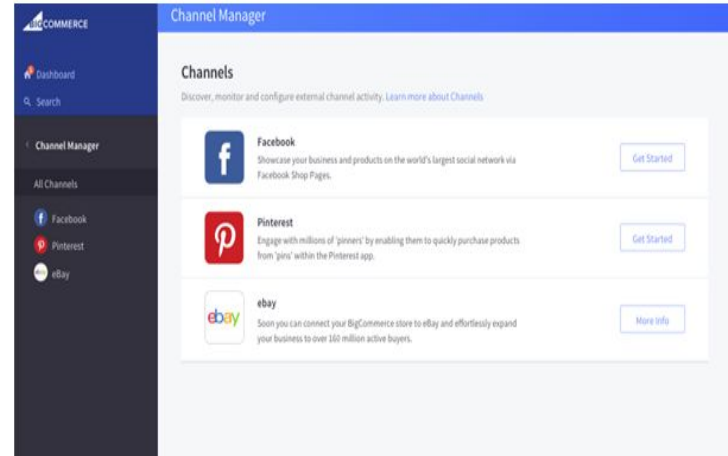


DROPSHIPPING

Dropshipping is particularly useful for selling bulky items that can take up a lot of space in warehouses and stores. That's exactly why leading stores like Home Depot and Macy's have adopted the business model to broaden their online reach.

MULTI-CHANNEL SELLING

To grow your business as an online merchant, you need to make yourself available across all of the channels that your shoppers use. Aside from your own website, this could be on social media and brick-and-mortar stores as well as other online stores.

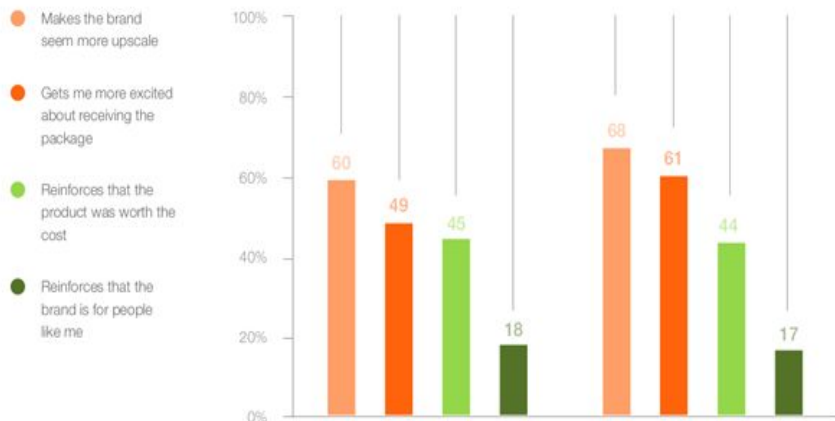


SMARTER PAYMENT PROCESSING

The payment process is the final step in the customer journey, and it is a vital stage that could make or break a conversion. The customer has gone through multiple stages, including awareness and consideration, and has finally made the decision to buy your product.

Smoother checkouts are being appreciated by the customers.

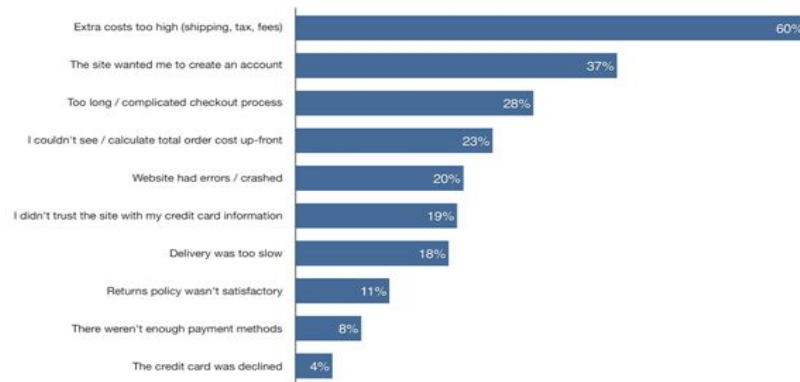
How packaging impacts brand perception:



Reasons for abandonments during checkout

1,799 responses - US adults - 2017 - © baymard.com/checkout-usability

*Here you abandoned any online purchases during the checkout process in the past 3 months? If so, for what reason?
Answers normalized without the "I was just browsing" option

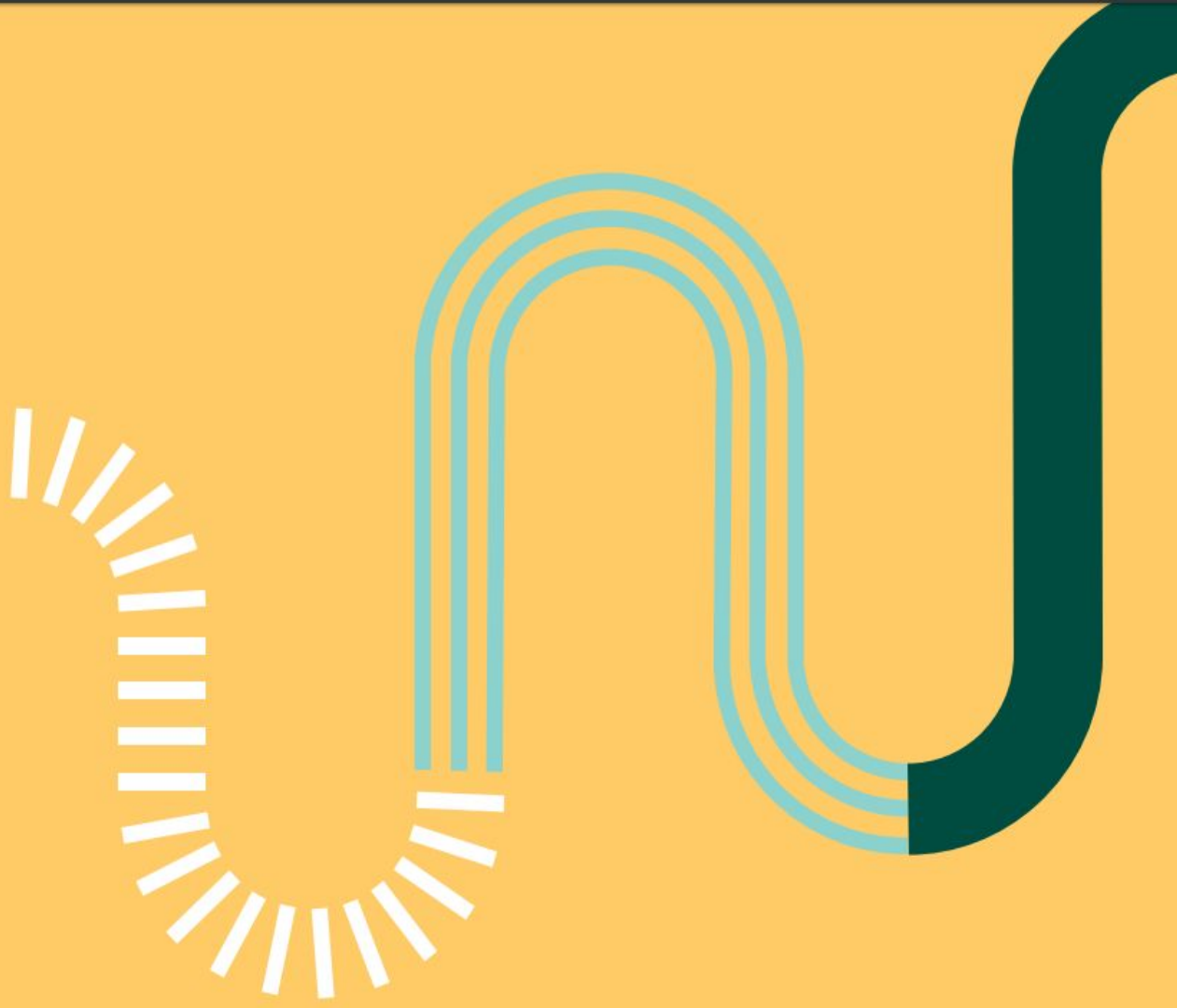


CUSTOM PACKAGING

eCommerce business are setting themselves apart by using custom packaging to be more recognizable.

Additionally, 61% of the shoppers even claimed that seeing unique packaging made them more excited about the product.

Retail is
changing.



SHOPIFY

What is Shopify?

Shopify is an online service that helps users create ecommerce stores easily by providing the necessary tools needed to do so. Shopify provides a simple and easy to use interface that enables sellers and merchants to create professional-looking online stores even if they have no prior experience or coding knowledge.

Simply put, Shopify is an ecommerce website builder that takes care of the web-hosting, domain name purchases, and helps in quickly setting up an online store. Shopify also makes it easier to customize the online stores to their liking.

Apart from that, Shopify also provides a shopping cart service that also includes its very own shipping suite – Shopify Shipping. The Shopify Shipping suite provides its sellers and merchants with calculated rates and options to select from major shipping carriers. It also allows the printing of labels from within the suite instead of relying on third-party services

One Platform,
Every Channel,
Any Device



Shopify Business Model

Shopify is an e-commerce platform that enabled over 820K merchants to commercialize their products. Its core business is subscription-based. Although the subscription base also fueled another part of the company, related to additional services provided to merchants. The subscription business has extremely higher marginality compared to the merchant business, and the growth of the platform is based on its ability to grow its merchants' base.



Our Market

Basic
\$29 per month

Entrepreneurs

Shopify
\$79 per month

SMBs

Advanced
\$299 per month

Larger Brands

Shopify Plus
\$2000+ per month

SERVICES PROVIDED

■ Creation of storefront

70+ professional themes

With themes created by world-renowned designers like Happy Cog, Clearleft, and Pixel Union, you'll love how your website looks on Shopify.

Browse the [Shopify Theme Store](#).

Mobile commerce ready

Your online Shopify store includes a built-in mobile commerce shopping cart. Your customers can browse and buy from your store using any mobile phone or tablet.

Work with an expert

You can work with one of our Shopify Experts to customize your store from the ground up.

Find a [Shopify Expert](#).

Full blogging platform

Publish and categorize articles, create lookbooks, encourage discussion, and moderate comments on your Shopify blog.

Brand and customize your online store

Every template comes with its own intuitive settings so you can quickly and easily customize every facet of your storefront.

Edit HTML and CSS

You have full access to the HTML and CSS of your store, making it easy to customize every aspect of your website.

Your own domain name

Use your own domain name, or purchase one through Shopify.

Web-based website builder

Host your entire website on Shopify. Your online store comes with a full-featured content management system.

■ Marketing & SEO

Search engine optimized

Help potential customers find your store using search engines. Shopify supports SEO best practices like customizable H1, title, and meta tags.

Generated sitemap.xml

Your sitemap.xml is automatically generated with your products, webpages, and blog posts.

Discounts

Boost sales and customer loyalty by creating highly targeted discount codes and Buy One, Get One promotions right from the Shopify admin.

Learn more about [discounts](#).

Gift cards

Your customers are able to purchase a gift card for someone from your store, or you can use gift cards as store credit.

Social media integration

All Shopify websites include social media integration, such as Pinterest, Instagram, Facebook, Twitter, and Tumblr.

■ Shopping Cart Suite

Free SSL certificate

Every Shopify store includes a free 256-bit SSL certificate. All pages, content, credit card, and transaction information is protected by the same level of security used by banks.

100 payment gateways

From bitcoin to PayPal to IDEAL, Shopify integrates with over 100 external payment gateways from around the world.

Find a [payment gateway](#) in your country.

Offer free shipping

Improve your average order size by offering free shipping to your customers. You can choose the price point at which free shipping applies.

Multiple languages

Your online store checkout comes in 50+ languages, and you can always translate your store's theme to suit your needs.

Product reviews

Engage your customers and encourage sales with the option to leave SEO-friendly product reviews on your website.

Sell on Facebook

Your Facebook fans can browse your products and make a purchase without leaving Facebook.

Automatic carrier shipping rates

Receive automatic shipping rates from major shipping carriers like UPS, USPS, and FedEx.

Abandoned checkout recovery

Recover lost sales by automatically sending an email to prospective customers with a link to their abandoned shopping carts, encouraging them to complete their purchase.

Flexible shipping rates

Set up shipping rates by fixed-price, tiered pricing, weight-based, and location-based rates.

Automatic taxes

Based on your location, Shopify will automatically handle major country and state tax rates.

■ Store management

Customer profiles

Learn more about your customers and their shopping habits. Find their contact info and order history at a glance.

Customer accounts

Encourage repeat shopping by enabling customer account creation at checkout. Your customers can also check out as a guest without creating an account.

Customer groups

Categorize and export customer lists based on location, purchase history, and more.

Fulfillment centers

Connect to fulfillment solutions such as Amazon, Rakuten Super Logistics, and Shipwire, or set up a custom fulfillment solution.

Order fulfillment

Fulfill one or multiple orders with just one click, making your daily order management a breeze.

Dropshipping

Shopify integrates with apps like Ordoro, Inventory Source, and eCommHub, making it easy to set up your dropshipping business.

Refunds

Refund some or all of an order to the payment method used. Your inventory is updated automatically.

Manage on the go

Use the Shopify app on your smartphone to update your store, manage inventory, fulfill orders, and contact a customer.

Email templates

Customize your automated store emails with the design and language you want.

■ Products

Inventory management

Manage your entire inventory with Shopify. Track stock counts, and automatically stop selling products when inventory runs out.

Product variations

Offer different variations of your products, such as multiple sizes, colors, materials, and more. Each variation can have its own price, SKU, weight, and inventory.

Product organization

Organize products by category, type, season, sale, and more. Use smart collections to automatically sort products based on vendor, price, and inventory level.

Multiple images

Add multiple images for your products, so you can show off your product from all angles.

SEO product tags

Optimize your product pages for search engines with product specific meta tags, titles, and URL handles.

Digital products

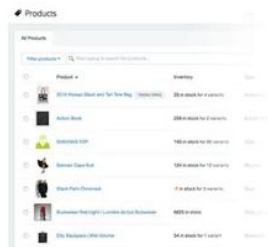
Customers can order and download your digital products right from your online store.

Import/Export

Import or export your products using CSV files, or one of Shopify's importer/exporter apps.

Unlimited products

There's no limit to the number or type of products you can sell in your online store.



■ 24/7 support

Dedicated support team

The Shopify support team is available 24 hours a day, 7 days a week, by email, live chat, and phone.

Contact our [support team](#).

Shopify Help Center

Find commonly asked questions, user guides, and tutorials in the Shopify Help Center.

Browse the [Shopify Help Center](#).

Shopify Experts

Work with a Shopify approved ecommerce designer, developer, or marketer who can help make your online store a huge success.

Find a [Shopify Expert](#).

■ Web hosting

Unlimited bandwidth

You'll never be charged based on the number of visitors or traffic to your store.

Email forwarding

When you buy a domain name with Shopify, you receive unlimited email forwarding. Create email addresses like info@yourstore.com.

Level-1 PCI compliant

Shopify is level-1 PCI compliant, so you don't need to worry about the security of your customers' credit card data.

■ Analytics

Dashboard

An actionable dashboard of your sales, orders, and traffic helps you make the right choices for your business.

Product reports

Analyze and gain insight into your store's growth. See which products are selling—and which ones aren't.

Export reports

Reports can be exported for further analysis in your favourite spreadsheet tool, or can be sent to your bookkeeper or accountant.

SSL certificate

Your online store includes a 256-bit SSL certificate to keep your customers' information and business data secure.

Instant upgrades

All Shopify updates are automatic, so you'll receive the latest features immediately, without any hassle.

99.98% uptime and 24/7 monitoring

No need to worry about downtime with Shopify, we work around the clock to make sure your website is always online.

Google Analytics

Google Analytics works with your online store, so you can track sales, visits, and referrals.

Traffic/Referral reports

See where your visitors come from, and how they found your online store.



Discussion forums

Get involved in our community discussion forums and take part in conversations about marketing, accounting, and more.

Visit the [discussion forums](#).

Ecommerce University

Everything you need to know about selling online. You'll find ebooks, video series, webinars, and much more.

Visit [Ecommerce University](#).

Merchant Acquisition

Casting a very wide net

Word of Mouth

Search Engine Marketing

Digital Advertising

Shopify Blog

Content Marketing

Global In-person Events

Partners and Affiliates

Shopify Plus Sales Representatives

Entrepreneurs

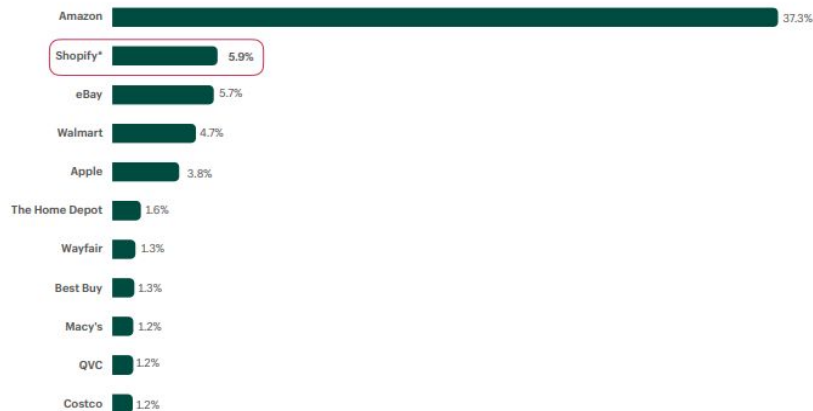
SMB'S

Larger Brands



Strong & Competitive Market Position

Share of U.S. Retail eCommerce Sales 2019

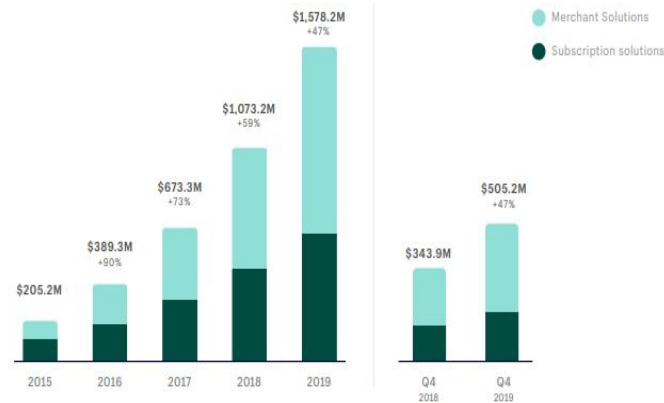


Source: eMarketer, October 2019, Shopify

* Market share based on Shopify's 2019 US GMV (excluding merchant sales made through POS)

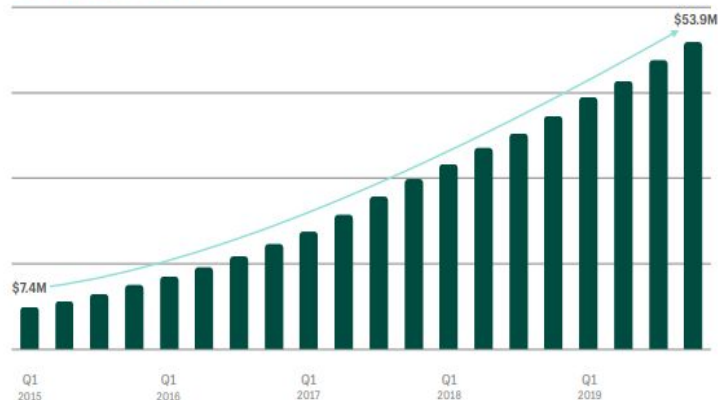
See slide 19 for definition of GMV

Strong Consistent Revenue Growth



Strong Consistent MRR Growth...

52% CAGR

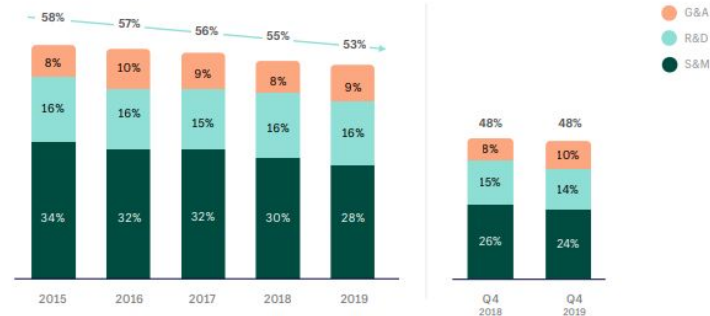


Operating Leverage

Adjusted Operating Expenses* as a Percentage of Revenue

2019 Investment Areas

- Localizing for International Markets
- Building Shopify Brand Awareness
- Product Expansion



COMPANY POTENTIAL

1. Shopify Fulfillment Network

Only a couple of quarters have passed since the company announced the Shopify Fulfillment Network, but all indications signal that the service has a bright future. Thousands of merchants have expressed their desire to be a part of our early access program. Shopify has taken a measured approach, adding just "dozens of merchants," but "maintaining our focus on performance quality over scale at its early stage," according to Shapero. She went on to point out that the busy holiday season acted as an important test period, achieving notable results. Shopify has had less than \$1 million in fulfillment business since the program launched, but most participating merchants believe it's "a good value for their money, and order accuracy rates to date remain high." 2020 will be a year of "heavy investment" for Shopify, as the company continues its five-year plan to build out the Shopify Fulfillment Network at a cost of about \$1 billion. As this program begins to scale, it could grow very quickly.

2. Subscription Model

Post Covid brick and Mortar shops will push towards having an online presence. Shopify may bring down subscription costs to enter a larger base in India.

Investment Highlights

Large and Growing Opportunity

Multichannel commerce platform that enables merchants of all sizes to sell to anyone, anywhere

Powerful Business Model

Success-based business model that puts merchants first

Data Advantage

Tens of billions of interactions accumulated over 10+ years now being leveraged through machine learning

Vast Ecosystem

Engaged and expanding partner ecosystem that is difficult to replicate

World-class Product

Well-crafted for simplicity and scalability

Mission Driven

Product-driven team focused on making commerce better for everyone

Potential Buyers-





shopify

