

# A comparative analysis for emerging e-commerce business owners: Shopify & Amazon

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**Abstract.** The article examines the topic of Shopify and Amazon as COVID-19 and the emergence of new technologies ushers in a new era of online retail, B2B and B2C content. As a result, supply chain management has had to catch up. I believe that this is an important topic because our reliance on technology will continue to develop and COVID-19 has shown us that many solutions can be solved through technology. I want to address what this means, what the future holds in e-commerce, and what business owners should look out for when entering into the online space. For this essay, I interviewed four sources. The first is the co-founder of Commence, an online women's apparel store with monthly profits of \$3 million USD. Secondly, I interviewed the co-founder of Douhu, a shipping agent for both Amazon and Shopify with over 20 years of experience. I interviewed the Senior Regional B2B Director of Yuntu, which is one of the largest E-commerce cross-border logistic service providers in the world. Lastly, I spoke to Fiona Lin who has worked as a logistics specialist for companies under Shopify and Amazon.

**Keywords:** COVID-19; E-commerce platforms; Shopify; Amazon.

## 1. Introduction

With the onset of COVID-19 and its subsequent international lockdowns and travel restrictions, many individuals have turned to online platforms to purchase both essential and non-essential items. Online platforms, with their ready availability and ease of shopping, have made it possible for people to purchase goods with just a few taps on their devices. As the pandemic gripped the world, online shopping saw a surge in activity. During the pandemics, however, not all companies benefited equally: while larger companies had the capital to incur lost revenue by restructuring traditional business models to address market changes, many smaller businesses were unable to adapt in a timely manner and were forced to close. Luckily, online platforms options such as Amazon and Shopify exist to help to fill the gap as both companies offer comprehensive integration of payment, shipment, and advertising.

The popularity of online shopping is evidenced through the International Trade Administration US Department of Commerce, which found that there was an 4.4% growth of total online retail sales from 2019-2020 (International Trade Administration US Department of Commerce). This finding is further reinforced by the chart below.

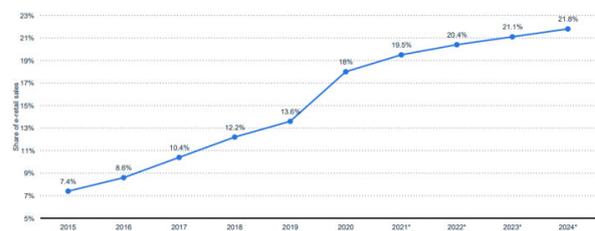


Fig.1 International Trade Administration US Department of Commerce

In this chart, the total global retail sales of E-commerce shares and its projections to 2024 are shown. It is evident that starting from 2015, the E-commerce sphere has taken off. Although the growth since 2020 may slow down due to restrictions of COVID-19, this should not be an indicative evidence that businesses should abandon the online environment.

Online transactions will continue to be a dominant force in retail sales, as research has shown that customer behaviours have changed to embrace both in-store and online shopping (Ge Miao, Yuntu). Therefore, having established E-commerce platforms is an imperative strategy for businesses to thrive and grow for the future.

Both Amazon and Shopify offer sellers the opportunity to list their items on the platforms to be shipped globally. Although similar in many aspects, the companies diverge in many ways including number of users, shipping times, and guarantees (Video interview

with Douhu, 2022). Picking between the two platforms may present unique challenges to potential users. The objective of this research paper is to provide an insight for things to consider for E-commerce sellers choosing between the two platforms.

This paper will analyse and assess the pros and cons of Amazon and Shopify. Small sellers should start with Amazon and then expand to Shopify because Shopify has more opportunities to create a strong brand image whereas Amazon provides the means to scale up a small business.

## 2. Supply Chain

In order to understand E-commerce, we must first take a look at how Amazon and Shopify diverge in regard to supply chain. Supply chain is a network of individuals and companies working together to deliver a product to the customer, from sourcing the items to the final delivery to the customer's doorstep. Modern logistics have become increasingly important to improve the efficiency of material flows and to reduce distribution costs in various industries, allowing for speedy delivery required by the e-commerce customers. Therefore, E-commerce companies such as Amazon and Shopify offer their own logistic solutions alongside other methods of delivery that sellers can choose from. It is worthwhile to understand these different methods of delivery to better understand the companies.

Amazon offers Fulfilment by Amazon (FBA), and Fulfilment by Merchant (FBM). Fulfilment by Amazon is a service that provides inventory storage and shipping to sellers. A seller sends their products to a designated Amazon fulfilment centre where items are stored. When an order is received, FBA workers or machines pick, pack, and ship the item via carrier trucks or Amazon airplanes to a sortation centre. In the sortation centre, items are sorted according to zip codes for convenient shipment. From the sortation centre, the order can be transported through various means to the delivery stations such as via USPS trucks, Amazon Air, and third-party logistics to the final destination by UPS. Deliveries can also be fulfilled via In-garage delivery, Amazon hub locker and Drive-Delivery (Amazon-flex).

FBA consists of parties working together such as the third-party logistics company, Amazon, and workers. Though Amazon does not fully operate FBA, it exerts control of the logistics of FBA. By comparison, Fulfilment by Merchant is the opposite whereby the seller is in charge of every step. Fulfilment by Merchant (FBM) means that the seller receives the customer's order and ships it directly to the foreign customer from the domestic supplier or warehouse, i.e. the seller is responsible for a series of activities such as warehousing, picking, packing, dispatching and customer service. Each link is controlled by the seller. The comparison with FBA is obvious: FBM requires the seller to bear the responsibility, and FBA relies on the platform. Due to the impact of COVID-19, there has been an increase in E-commerce orders and a shortage of storage (Mert, 2021). As a response to this, Amazon started limiting FBA inventory in 2020. As a result, many FBA sellers were unable to store all their

inventory in Amazon's fulfilment centres and were forced to find a quick solution. The percentage of Amazon sellers using FBA increased by nearly 10% between 2020 and 2021 (Masters, 2021).

Shopify also has two methods of delivery which are called Shopify Fulfilment Network (SFN) and Fulfilment by Sellers. The latter option being fulfilment by sellers for Shopify is the same as that of Amazon, as both utilise third-party logistics providers. However, in comparison to FBA, SFN is relatively young as it was only introduced in 2019 (Murgia, 2021). Unfortunately, Shopify does not disclose the process of its fulfilment process. Once the customer has completed the checkout process, Shopify will prepare and ship the order. Sellers are in charge of shipping their products to a fulfilment centre. Then, Shopify will automatically find the most affordable shipping rates from a list of third-party logistics companies, and the order will be shipped to customers. Indeed, the scale of the logistic network of SFN is not as expansive as FBA due to its recency of opening. Furthermore, SFN can only operate within the US and Canada, but the orders can ship internationally. However, Shopify users have long relied on their own fulfilment skills to deliver goods.

## 3. Amazon Business Analysis

Amazon is a household name that has been in business since 1994. Amazon, the world's leading E-commerce retailer and online marketplace, has established itself as a goliath in the industry. The "flying-wheel effect," a business theory developed by Amazon's founders and CEO Jeff Bezos, summarises the company's success. The Amazon Marketplace, Prime membership service, and FBA logistics service are the three key businesses that support Amazon's flying-wheel effect. First, in 2000, Amazon introduced Marketplace, a platform for third-party sellers. More suppliers meant more purchasing categories and options. This, in turn, attracts more customers, increasing the platform's traffic.

Prime membership, a subscription-based system, was launched in the United States in 2005. The number of Prime members has steadily increased, which has greatly increased Amazon's brand loyalty. The growing number of Prime members fuels the expansion of E-commerce, causing the "flying-wheel" to spin faster (Hua Chuang Securities, 2021).

Finally, Amazon launched their FBA logistics service in September 2006. (Fulfilment by Amazon). FBA logistics contributes to the rotation of the "flying-wheel effect" by lowering third-party seller operating costs, improving the efficiency of its own infrastructure, lowering platform-wide unit fulfilment costs, and further improving customer shopping experiences by expanding cost-effective goods on the platform (Hua Chuang Securities, 2021). The diagram below depicts the relationship between each factor and how they work together to form the flying-wheel.



Fig.2 Feedvisor, 2020

Indeed, Amazon's success is largely dependent on its unrivalled ability to sell and ship globally. Amazon alone has 1,137 distribution centres in the United States (Davis, 2022). Walmart has 198 and Target has 49. (MWPVL, 2022). The number of distribution centres correlates to the effectiveness of Amazon's delivery service, which is one of the most appealing features for both buyers and sellers.

Although the standardization of Amazon Marketplace has increased profits for Amazon, it has limited sellers' ability to customise their stores. Having said that, Amazon sellers have discovered other ways to use the platform to grow their businesses. To begin, 45% of sellers have launched or plan to launch new products and brands unrelated to their current offerings (The State of the Amazon Seller 2022). This can help to increase a seller's visibility and traffic from a new customer base. A seller who specialises in selling home goods, for example, can diversify by selling renovation tools. Those looking for home goods may discover that they also require screwdrivers, which are available at the store. Similarly, someone looking for tools may go to the same store and purchase a few household items.

Second, 43% of sellers have expressed a desire to improve their current product listings. This is done to keep merchants abreast of emerging trends (The State of the Amazon Seller 2022). With more sellers turning to Amazon, there is a greater need for research to stay competitive. There is always a steady influx of competition for Amazon merchants, which Amazon can promote: Not only are sellers competing against others who may offer lower prices or a wider variety of the same product, but Amazon is also competing against Amazon's well-optimized house line. To appear higher in search results, stores must conduct research and optimise their stores.

The last of the three main ways that sellers plan to grow their Amazon business is to expand existing brands with new products (The State of the Amazon Seller, 2022). Although it sounds similar to the first point, this process focuses on emphasizing products with good margins while retiring products that do not perform as well. Other ways sellers have maximized their stores include getting more ratings for products, growing brands through social media, and spending more on strategic advertising (The State of the Amazon Seller 2022).

In the same survey, 19% of Amazon merchants plan on launching their own E-commerce store and 30% stated their desire to sell their products on other platforms in conjunction with Amazon. It is safe to say that these sellers may very well consider when deciding to pivot their business from Amazon to Shopify.

#### 4. Shopify Business Analysis

Shopify is a Canadian company that was founded in 2004 by Tobias Lutke, Daniel Weinand, and Scott Lake (Aydinok, 2021, p 16). According to Emarketer, a market research company that provides insight into e-commerce trends, Shopify is the world's second largest online retailer in the US with Amazon taking the first place (Aydinok, p 21).

Shopify provides e-commerce merchants with the technology and templates to build online stores and manage omnichannel marketing, selling, payment, logistics and other services. It continues to enrich its business ecosystem by launching Shopify Shipping, Shopify Capital, Shopify Chat, Shopify Email, and other products around the core e-commerce business (Orient Securities, 2021). Since 2020, the company has benefited from the rapid growth of the e-commerce industry catalysed by the epidemic, achieving a leapfrog in profitability, and proving the sustainability of its business model (Orient Securities, 2021). Taken from Shopify's QR 2020 results published in 2021, the chart below shows the share of US retail E-commerce sales in 2020.



Fig.3 Shopify Q4 2020 Results, p 16, 2021

Although Shopify lags far behind Amazon, it has surpassed Walmart and eBay. Walmart has been in business since the late 1960s and is one of the most recognisable brands in the world, with over 10,000 stores worldwide and a revenue of \$559.2 billion in 2021. (sec.gov archives). eBay, which was founded in 1995, is a multinational E-commerce company that has dealt with online transactions since its founding (Ebay Inc.). Clearly, Shopify's ability to outperform its competitors in a shorter period of time demonstrates its expertise and capability in the online retail space.

Shopify's success relies on the company's model of allowing sellers to customise their pages. Sellers have more autonomy on Shopify than they do on marketplace sites where sellers all use a shared platform that advertises competitors. Shopify instead offers each user their own domain, which is less risky, more user-friendly, and provides more freedom. Shopify has over one million businesses in more than 175 countries (Murgia, 2021, p 5). Its competitor eBay, by contrast, had an estimated 17 million active sellers in 2021 (Palmer, 2022). Merchants

may wonder why they would choose to open an online store through Shopify when they can create their own websites and online stores. The answer is that Shopify stores have a statistically higher conversion rate (Shopify Q4).

Since the pandemic, Shopify has revved up its commerce solutions. Building upon five major factors, Shopify targets the emerging needs caused by a shift in lifestyles due to internet usage, social media, cloud platforms and online commerce. The five targeted solutions are:

**4.1 Information advantage**

The Shopify cloud platform was created to collect data from supply and demand interactions. This increases information transparency for sellers and management regarding merchant business decisions.

**4.2 Brand control**

Merchants can create and customise their own brand from thousands of templates to best represent their company and goods. This contributes to brand recognition and customer loyalty.

**4.3 Mobile phone usage**

Mobile E-commerce is on the rise, and Shopify has been developing new solutions to speed up checkout via Shopify Pay, Apple Pay, and Google Pay. Shopify's mobile app had more than 107 million users, according to their Q4 2021 reports.

**4.4 Front-end multichannel**

Shopify provides a variety of display options for merchants to sell their products through various channels such as mobile apps, the internet, physical stores, and social media marketplaces.

**4.5 A solitary integrated back end**

Shopify's single integrated back end is designed to allow for simple processes such as order processing, shipping orders, and analytics (Murgia, p. 6).

Sellers who want to go straight to Shopify should keep in mind that the platform does have social media and gift cards. This means that sellers with a large social media following could forego opening an Amazon store first because they can drive traffic to their Shopify store using their existing followings.

**5. Comparison of both and drawbacks**

Sellers should consider their end goal when selecting a platform. Merchants who want to sell standardised products without caring about creating a recognisable brand should avoid Shopify entirely and use Amazon instead. On the other hand, small to medium-sized businesses that want to establish their own brand in E-commerce should use Shopify. Another suggestion is to start with Amazon's traffic and built-in marketing tools, and then switch to Shopify once the seller's budget is

more stable. In this section, we'll look at Amazon and Shopify in greater detail.

Table 1 Amazon

	Pros of Amazon	Cons of Amazon
Supply Chain/ Shipping	<ul style="list-style-type: none"> <li>In comparison to Shopify, Amazon has a more comprehensive and unrivalled supply chain system that includes an Amazon-owned fleet of cargo planes, ocean vessels, ports, and warehouses, 3PL contracts, and more fulfilment centres.</li> <li>Global framework to control the flow of goods from factories in China and India</li> <li>Truckload supply load board that is powered by</li> </ul>	<ul style="list-style-type: none"> <li>Amazon has a strong reliance on 3PLs which can be unstable as evidenced by relationship with FedEx (Morgan, 2019)</li> <li>Higher standards from customers so there is a very small window for deviation that can be allowed in its supply chain</li> </ul>

	<p>machine learning</p> <ul style="list-style-type: none"> <li>• Routing algorithms to optimise supply chain while minimising transportation costs and waiting periods</li> </ul>	
Costs	<ul style="list-style-type: none"> <li>• No additional costs for advertising and marketing</li> <li>• Low operating costs because brokers in the middle are eliminated</li> </ul>	<ul style="list-style-type: none"> <li>• Amazon's advertising and processing fees can cost more than 25% of revenue (Video interview with Yuntu Co-founder Ge Miao)</li> <li>• The higher the reliance on FBA, the more costs sellers incur</li> <li>• Unconditional return service could run up costs for sellers who must</li> </ul>

		accept returns
Features	<ul style="list-style-type: none"> <li>• Its household name "Amazon" can help small businesses scale up</li> <li>• A seller's products can be seen in "similar products" when customers browse items, which increase the exposure of the store.</li> <li>• FBA is reliable and trusted amongst customers as exhibited by free two-day shipping for Prime members</li> <li>• Precise estimate of delivery time</li> </ul>	<ul style="list-style-type: none"> <li>• Smaller sellers must compete with Amazon's in-house products which are programmed to show up first in product search results</li> <li>• Caps on inventory and Amazon can lower a seller's Inventory Performance Index Score</li> </ul>
Seller Autonomy/ Customisation	<ul style="list-style-type: none"> <li>• Standardised packaging that is recognizable to the</li> </ul>	<ul style="list-style-type: none"> <li>• Limited access to customer service with only a single</li> </ul>

	<p>Amazon brand</p> <ul style="list-style-type: none"> <li>• Amazon handles exchange and returns</li> </ul>	<p>hotline for assistance</p> <ul style="list-style-type: none"> <li>• Lack of personalization and brand awareness for sellers</li> <li>• Uniform packaging means more customer loyalty to Amazon and its big sellers, but little to no recognition for small and up-and-coming sellers</li> <li>• No opportunity for sellers to interact with customers</li> </ul>		<p>policies, and manage the packaging process of items.</p> <ul style="list-style-type: none"> <li>• Able to use both fulfilment by merchant and fulfilment by Shopify</li> </ul>	<ul style="list-style-type: none"> <li>• Shipping and delivery will not match the efficiency of Amazon</li> <li>• Merchants must handle their own warehousing, packaging, shipping, and delivery if they do not choose to use SFN</li> <li>• SFN is relatively new and not many people know about it</li> </ul>
	<p><b>Pros of Shopify</b></p> <ul style="list-style-type: none"> <li>• More autonomy in the supply chain, such as the ability to set up their own customer service, return and exchange</li> </ul>	<p><b>Cons of Shopify</b></p> <ul style="list-style-type: none"> <li>• a greater reliance on third-party logistics, which can be difficult for new store owners to navigate</li> </ul>	<p>Costs</p>	<ul style="list-style-type: none"> <li>• No caps in inventory or a Performance Index Score</li> <li>• Because the website does not advertise competitors, customers will not be redirected</li> </ul>	<ul style="list-style-type: none"> <li>• Merchants are responsible for their own marketing and advertising</li> </ul>

Table 2. Shopify

	<b>Pros of Shopify</b>	<b>Cons of Shopify</b>
<p>Supply Chain/ Shipping</p>	<ul style="list-style-type: none"> <li>• More autonomy in the supply chain, such as the ability to set up their own customer service, return and exchange</li> </ul>	<ul style="list-style-type: none"> <li>• a greater reliance on third-party logistics, which can be difficult for new store owners to navigate</li> </ul>

	<ul style="list-style-type: none"> <li>to another store.</li> <li>Allows for diverse payment systems</li> </ul>	
Features	<ul style="list-style-type: none"> <li>Sellers can build their own website</li> <li>Numerous plugins and templates for personalization</li> <li>It is user friendly for customers since it accepts various forms of online payment and is easy to use both on desktop and through mobile</li> <li>Its integration with social media</li> </ul>	<ul style="list-style-type: none"> <li>Less chances to scale up the business if there is no pre-existing customer base</li> </ul>
Seller Autonomy/ Customisation	<ul style="list-style-type: none"> <li>More chances to interact with customers and to build customer loyalty</li> </ul>	<ul style="list-style-type: none"> <li>More responsibility in warehousing, shipping, and packaging</li> </ul>

	<ul style="list-style-type: none"> <li>It can customise packaging, set up customer service, return and exchange policies</li> <li>Ability to hold promotions and partnerships with other brands</li> </ul>	<ul style="list-style-type: none"> <li>Reliance of 3PL which may not be as dependable</li> </ul>
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### 6. Supply Chain/Shipping

FBA was founded in 2006 and is extremely user-friendly. With the increase in online sales, Amazon has shifted FBA to better analyse and increase productivity in end-to-end control of a package's journey from warehouse to door. Customers can "get more precise delivery estimates" (Palmer, 2021). The autonomy that Amazon has over its logistics network as a result of its decreasing reliance on 3PL makes Amazon's logistics less vulnerable to external influences and less unpredictable.

A reason why small to medium companies should consider exiting Amazon is that the more a seller relies on the platform, the higher the cost it will incur.

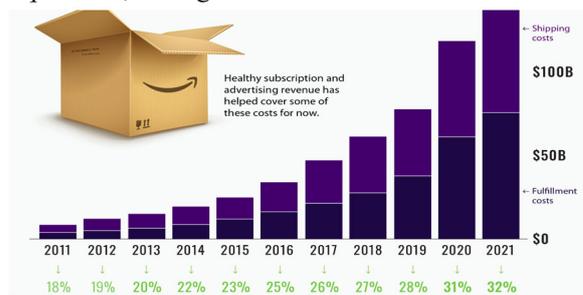


Fig.4 Amazon via visualcapitalist

In this graph we can see how costs increase as more goods are sold. Indeed, although Amazon's customer acquisition is low, the more a seller sells, the more costs the seller will be charged, thereby lowering the profit of the company. In comparison, if one were to use 3PL, sellers would have more control of their expense. The second expert interviewed, Amy Zhai co-founder of shipping agency Douhu, expounded that it is much easier to control costs of 3PLs because sellers enter into a mutually agreed upon contract with the shipping company (Amy Zhai, Douhu, 2022).

Another reason that Amazon is not the most ideal option for small and medium sized sellers is that the company has free reign to put caps on inventory (Palmer, 2021). This was seen during the pandemic when essential

items were prioritised. Although this particular instance is valid for many logical and ethical reasons, it can also be argued that Amazon may impose caps at their whim with other potentially unfavourable situations. Large corporations can withstand revenue losses, but medium to small businesses may not. However, if sellers were to use Shopify, they would not have to worry about the imposition of caps because sellers themselves handles warehousing and shipping. (Amy Zhai, Douhu, 2022).

Shopify, on the other hand, relies heavily on sellers finding their own 3PL to handle shipping, which may be difficult for first-time seller. Terri Li, co-founder of The Commense, an online apparel store hosted by Shopify, warns that "establishing a relationship with a trustworthy 3PL that is reliable and a good fit for your business operations may be difficult." Services stipulated in third-party warehousing contracts, in particular, are typically long-term contracts, so it is critical for sellers to carefully select their 3PLs (Terri Li, The Commense), which may be difficult for new sellers to do.

### 6.1 Costs

New E-commerce sellers should consider starting with Amazon to build a customer base before moving on to Shopify to further establish their brand voice. Amazon is a household name, so it will drive the most consistent traffic compared to its competitors without the need for advertising. In other words, the user is solely concerned with optimising their product list. It can be seen that Amazon is a popular choice for new businesses because sellers do not have to worry about logistics or advertising, which reduces budgeting costs and instead spend effort on other aspects of their business. However, as a business grows, Amazon charges more for FBA and other fees, as mentioned in the previous section, so sellers should start thinking about other e-commerce options, such as Shopify.

Profit loss is another opportunity cost of using Amazon. The "Inventory Performance Index Score" on Amazon measures a seller's ability to use FBA. When products do not sell well or there is overstock, a seller's Inventory Performance Index Score suffers (Mathew, 2021, p 22). This can be harmful because Amazon uses the score to calculate stock limits, further limiting a seller's freedom and fining sellers if necessary. In other words, since Amazon has the ability to limit sellers' inventory, this may have an impact on sellers' business operations and profit. Furthermore, Amazon's introduction of in-house products creates additional roadblocks for sellers because they use seller data to leverage their own products, resulting in lost opportunities for sellers (Palmer, 2021). Amazon's private brand can easily be programmed to the top of the search results, this can cause decrease of profit margin for sellers

On the other hand, Shopify users have more control by virtue of designing their own website and where competitors are not using the same webpage. Having more control of the business has many benefits. For instance, Shopify sellers are not pigeonholed by inventory caps and unconditional returns and exchanges. However, there are also downsides when it comes to costs. Shopify

sellers must figure out advertising and marketing on their own which can add up. With millions of online stores, it is difficult to stand out without a strong marketing strategy.

### 6.2 Features

With Amazon, sellers can start off by taking advantage of the Amazon name and FBA, monitoring their sales and trends, tracking their target audience, and working off on existing data to create and provide items that are similar to their best sellers before moving onto the Shopify platform.

While Amazon prepares everything except the goods and the product descriptions, Shopify requires sellers to build their stores from the ground up. Sellers of Shopify, for example, may need to learn tasks such as incorporating keywords and landing pages in order to run their stores. For first-time sellers, this can be overwhelming and difficult to navigate. It is especially uncertain whether one's efforts will be worthwhile: Regardless of how aesthetically pleasing or user friendly the store is, if people are unaware of the products or brand, everything is futile. Therefore, it is suggested that new sellers start with Amazon and slowly learn the operation of e-commerce to prepare for its future expansion to Shopify.

Furthermore, what sets Shopify apart from Amazon in turns of features is that Shopify is fully customizable with its numerous plugins and templates for personalization and its fully integrated payment systems. Another major difference between Amazon and Shopify features is the ability for Shopify sellers to integrate social media onto their website. Linking social media networks to E-commerce is a great way to self-promote, connect with followers, and grow the brand through sponsorships and targeted ads.

## 7. Seller Autonomy/ Customisation

Because the page layout remains consistent regardless of the individual sellers or products, Amazon users know how to track information when looking up any product. Because of its familiarity, Amazon's page layouts allow for quick information gathering for its users, organised and predictable product descriptions and reviews, and a sense of reliability. Sellers can scale up their businesses at unprecedented rates thanks to the foot traffic that Amazon receives. While this is advantageous for sellers, it is not an ideal system. Amazon has not addressed the lack of creative control and the inability of sellers to establish their own customer service or brand image.

Shopify, on the other hand, allows users to create and customise their own business website. This distinguishes stores by establishing a recognisable brand voice. For example, there are more opportunities to connect and communicate with customers, customer loyalty can be established, and overall, managing your own store provides more autonomy. Furthermore, using a 3PL enables customisation of return and exchange policies, shipping times and costs, and packaging details. Because a seller can design their own packaging to optimise brand

voice and buyer experience, 3PL has an advantage over Amazon's uniform packaging.

Shopify also provides features, plugins, and designs not available on Amazon. Because Amazon is an online marketplace, the layout for each seller and item is the same, with only a few options for storefront layouts. On the other hand, Shopify is a fully customizable platform that outperforms Amazon, with integrated sales channels and business tools that sellers can use at their discretion (Murgia, 2021). Shopify's ability to allow sellers to customise their branding is a far cry from Amazon, where buyers will only remember that they purchased from Amazon, rather than the brand itself.

## 8. Case Studies

### 8.1 Shein

Shein is the newest juggernaut in the world of fast fashion and has gained worldwide popularity in a relatively unprecedented amount of time. By leveraging its low costs for trendy clothes in a world of inflation, taking advantage of online sales during the pandemic, and sponsoring popular YouTubers to do large clothing hauls, Shein has become a fixture.

However, the company did not emerge on the scene with instant success as some may believe. Shein began as a modest E-commerce store that was hosted by Shopify. As the brand grew, they gained more customer recognition which led to the creation of their own supply chain. Shein's growth netted more than 80 million USD which led them transition from Shopify to their own website.

Shein's exit is a significant blow to Shopify because they can no longer charge per transaction. It should be noted, however, that Shein's growth would have been much more difficult to achieve without Shopify. Furthermore, Shein was able to gain popularity and growth by utilising the Shopify platform. Taking a step further, emerging brands cannot grow as quickly as Shein did if they were to use Amazon due to Amazon's regulations and inability to convert customers. Thus, Shein's story explains the connection between company growth and platforms. (Excerpted from a web interview with Terri Li)

### 8.2 Fiona Lin

I asked Fiona Lin, who works as a senior logistics specialist at Snowplus, the second largest e-cigarette company in China, what her views were on Shopify and Amazon. Lin previously worked as the logistics specialist for Globalegrow which operated via Amazon. Globalegrow is also the parent company of Zaful and Gearbest, both hosted by Shopify. Below are her opinions of both platforms and how the supply chain differs.

When it comes to selling cigarettes, there are numerous factors to consider. Because it is a highly regulated item, platforms such as Amazon impose restrictions, so we are unable to conduct any online marketing. As a result, we place a premium on on-site customer conversion. Fortunately, we discovered Shopify,

which has proven to be our best choice thus far because it allows us to communicate with customers from all over the world, including Russia and Greenland. It is simple to maintain so we have no desire to use other platforms.

For logistics purposes, we would like to provide a premium experience to our customers. So, we work with DHL and UPS for single order shipments if we don't have a distributor in that country, and we also work with logistics companies for large volumes of goods.

In my previous job dealing with Amazon, Amazon was expanding its own FBA business at the time. Amazon, in my opinion, deliberately directs sellers to use FBA. For example, if we want to ship a container of furniture and sell it on Amazon, we only need to ship the container to one location if we use FBA. If we do not use FBA, which is more expensive than other logistic service providers, we must split the container of goods into several bundles and ship them to an Amazon-assigned warehouse, which is a more expensive option than FBA. So, as a big seller on Amazon at the time, we didn't like FBA but had no choice to choose FBA as our logistic network.

As the company grows bigger, it faces more regulation from Amazon. Since sellers are not allowed to do any marketing to buyers, the company has choice but to invest a lot on advertising services provided by Amazon. Nevertheless, the company develops its own Shopify selling platforms at the same time. That being said, the company refuse to give up its own Amazon business because it is stable, and the ROI remains profitable. On the other hand, FBA does provide a trustable service.

Both case studies highlight the advantages and disadvantages of Shopify and Amazon. Amazon can help a company grow, but it limits one's creativity and control. While FBA is dependable and convenient, it is costly, and Amazon controls many aspects of the supply chain and marketing, further limiting seller autonomy. Shopify, on the other hand, requires sellers to take on additional responsibilities such as warehousing, shipping, and delivery service. However, if a seller possesses these skills, they may discover that Shopify is the better option in the long run.

## 9. Conclusion

Emerging sellers who wish to enter the E-commerce sphere have a lot to consider when choosing which online platform to use. While Amazon and Shopify both have their positives and negatives, sellers do not have to pigeonhole themselves for one or the other. Instead, a strategic way to navigate the online retail space is to first start off with Amazon, where sellers can slowly learn the ins and outs of the market without having to pay additional fees for marketing and advertising, or worry about supply chain logistics such as warehousing and international shipping when using FBA. Starting with Amazon can double as an easy way to do market research to see which items sell more than others, what consumers want, and what competitors are pricing their products at. Once a seller has a better grasp of what their brand is, a shift towards Shopify would help to establish a recognizable brand voice, give more autonomy to sellers,

and convert more buyers. This essay examined a variety of key factors in both the positives and negatives of each platform. This essay is a comprehensive guide for small business owners who are debating whether Amazon or Shopify is more appropriate by studying company reports, using news sources, peer reviewed scholarly articles, and interviewing a Shopify business owner, a shipping company co-founder, and a senior regional B2B business director.

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