Twitter Thread by D. McC



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Shopify is a $1T (5.5x) company in the next 10 yrs if any combo of the below work in its favor:

1/ Ecomm penetration continues to grow
2/ Global churn increase/US DTC model becomes viable
3/ Brand discovery (key!)
4/ Larger cut of each transaction

A thread:

1/ Doesn't require much explanation - the more things people buy online, the more $ Shopify makes. 2 things in Shop's favor here:
Can Shopify make ppl buy more things? *Did I really need that 5th pair of Allbirds?*
What other retail categories will move more online?

2/ *Heinz going DTC seems silly and doesnt move the needle for them rn, but why can't every small restaurant order their condiments DTC in the future? *DTC of wholesale makes a ton of sense.*

Ecom goes way beyond DTC (Shopify's current bread & butter)-Shopify can, and should...

3/ start to take on the Squarespaces, Wix, Weebly's of the world. If you monetize online, Shopify should be your first stop.

Not to mention, overtime, Shopify will eat traditional competitors at the top (Oracle/SAP) and similar competitors will die out (Woo, Big, ect ect)

4/ High churn is a good thing for Shopify (ht @benthompson) The more people trying and failing on Shopify, also increase the probability of a major winner. Marginal costs of failures < marginal gains of big winners.

Globally, Shopify needs to reduce the pain of failure.

5/ Shopify can reduce pain through making it super easy to set up a Shop/finance initial POs/make upfront costs ~$0. Globally, tho, pain of failure comes from economic development and safety nets that encourage entrepreneurship.

6/ Domestically:
a) Business model needs to become more viable
b) We need to start to see some real winners

7a/ Will get into this more later -- but DTC, for vast majority, is either a labor of love / or shitty business...because the economics simply don't work for the amount of work it requires. Running a $10M biz w 5 ppl is a tough life. Running a $10M biz with 30 isnt possible.

8b) For DTCs at scale, we need to start to see good some outcomes - rising tides lifts all boats. This will encourage more entrepreneurship from more serious people. Would be great to see a company like @Allbirds become a public, lasting brand that sits right btw Nike & Lulu.

9) Shopify needs to work on brand discovery/marketing tools. Shop App was a first good step, but this needs to be a full funnel effort... to start:

1. Shop/FB need to play nicer/better. Two companies are highly dependent on each other for growth...pls fix IG browser!

10/ 2. Shop needs to get discounts across all ad platforms. Snap give 10% off to Shop merchants or we'll take our biz to FB, ect ect.

3. Build better native ESPs/SMS/CDPs

4. Give people a reason to use Shop App beyond...consolidated tracking #s...

11/ Conservatively, Shopify brands spend 30% of NR across prospecting platforms and retention tools. Shopify needs to start dipping in here -- oppty is in hundreds of billions. Shopify knows this...and I'm sure we'll see alot of innovation on this front.

12/ Shopify needs to take a larger cut of each transaction and lower total fees for merchants.

a) Processing fees
b) Fulfillment fees
c) Shipping fees

13/ Hey, we all love @stripe, and its so cute how nicely Shopify and Stripe play together. I often daydream of Tobi & the Collisons talking strategy...but Shopify needs to start taking a cut of that sweet, sweet transaction tax.

14/ Shop Pay is great for many reasons...but if the team can figure out how to circumvent the 2.9%+$0.30 paid to Stripe/card providers, then thats the big win. Not a payments genius, but feel like ACH could be facilitated through Shop Pay pretty elegantly w much lower fees

15/ I go back and forth on the Fulfillment/Shipping play for Shopify. Should they fully vertical integrate (ie Amazon), be merely the software layer (seems to be current strat), or just negotiate bulk discounts with 3PLs and take vig on every transaction. IDK!

16/ Other tools - lending, banking, financing, payroll, data & analytics, corp cards, B2B payments, the list goes on and on. They do some of these currently, but I should be able to run my entire Shopify business in Shopify (esp. in early stages --> eventually at SMB/enterprise)

17/ The opportunity for Shopify is huge here. Currently about 10% of Amazon market cap, with tailwinds in its favor.

Or of course, every DTC company loses its shirt in the next 3-5 yrs, and the Shopify promises gets washed away with it.

Two more thoughts:

1) Shop App needs its Prime wedge. What would make me go directly to the Shop App to buy a black tshirt?

2) Subscribe to https://t.co/EbggzbZ2Jt, not for me, not for @packyM, but for baby Dev so that one day he won't have to shill online for a living.