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SECTION 1: INTERNATIONAL INDUSTRY AND BUSINESS REPORT

1. Introduction

The online revolutionization of business has radically changed the competitive environment of international business, providing platform-based businesses with the potential to reach incredible scale due to the lack of physical infrastructure. This change is more pronounced than in the United States e-commerce industry the second-largest online retail industry globally by revenue, which in 2025 had generated 1,233.7 billion in retail sales and represented 16.4% of all retail transactions in the U.S. (U.S. Census Bureau, 2026). Shopify Inc. is strategically positioned and quickly expanding within this dynamic ecosystem: not as a retailer, but as the operating system where millions of merchants create, operate and expand their business ventures.

This report critically appraises the U.S e-commerce business and the place of Shopify in the business using the best international business theory. Porter (1990) developed the Diamond Model of National Competitive Advantage, which is applied to comprehend the reason why the United States is a very fertile hosting country to e-commerce platforms businesses. The report then critically evaluates the impact of the influencing factors on the success of the Shopify operations in American market that include the political, economic and legal factors, as well as the cultural dimensions using the PESTEL analysis tool, and Hofstede (1980) cultural dimension framework. These figures are included in a story of how a technology platform company with its roots in Canada (Ottawa, 2006) has grown to the 14 percent market share of the entire U.S. online commerce (Marketplace Pulse, 2026) and generate 11.56 billion annual revenue -a 30 percent annual growth in 2025 (Shopify, 2026a). The report will culminate with a systematic reflection on the grounds of Gibbs (1988) Reflective Cycle.

2. Industry and Country Overview

2.1 The U.S. E-Commerce Industry: Size, Scope and Economic Importance

E-commerce in the United States has emerged as one of the most vibrant and economically important industries across the world. The U.S. Census Bureau (2026) estimates total retail e-commerce sales will hit 1,233.7 billion in 2025, an increase of 5.4 percent over 2024 and a proportion of 16.4 of all U.S. retail transactions. This is an increase of greater than three times since 2010 when the e-commerce was only 4.2 percent of the retail sales. It is projected that by 2030, the market will have grown past 2.5 trillion, with a projected growth of about 8.99 compounded annually (SellersCommerce, 2025).

Besides direct revenue, the industry is a catalyst to high employment in fulfilment, logistics, software development, and digital marketing, as well as other related industries like cloud computing, payments and advertising. It is also critical in empowering small and medium-sized businesses (SMBs) in all the fifty states and there are about 11.9 million e-commerce websites in operation in the U.S. as of 2025 (Top 2026 eCommerce Statistics, 2026).

Figure 1: U.S. E-Commerce Retail Sales — Annual Growth Trajectory, 2020–2025

Year	2020	2021	2022	2023	2024	2025*
Sales (USD bn)	\$670.2	\$869.0	\$1,009.5	\$1,118.7	\$1,192.6	\$1,233.7
YoY Growth	+30.2%	+29.7%	+16.1%	+10.8%	+6.6%	+3.4%
% of Total Retail	14.3%	14.6%	14.8%	15.4%	16.1%	16.4%

**Seasonally adjusted | Sources: U.S. Census Bureau (2026); SellersCommerce (2025); Capital One Shopping (2026)*

2.2 Major Firms and Competitive Positioning

The United States of America has a highly concentrated e-commerce market: Amazon (35.7% retail) and Shopify (14% GMV) have almost half of all online transactions (Marketplace Pulse, 2026). However, their business models are different. Amazon's market is intermediated and Shopify provides infrastructure owned by merchants that permits independent merchants to manage their shops, brands and customers. In the market for e-commerce technology platforms, Shopify has a 29-30% market share, leading the market in front of WooCommerce (~20%), Wix, and Squarespace (Statista, 2025a). This market share for the e-commerce software platform (market share of merchants using a specific software provider) is different from Shopify's total retail e-commerce GMV (gross merchandise volume) share (14% of all U.S. e-commerce) that incorporates all channels - marketplaces and direct-to-consumer websites. Its multi-sided business model consists of software, payment, logistics and enterprise (Eisenmann et al., 2006).

Table 1: Competitive Positioning of Major U.S. E-Commerce Platform Players (2025)

Company	US Platform Share	Revenue (2025)	Business Model	Key Strategic Differentiator
Shopify	~29–30%	\$11.56bn	SaaS + Payments + Logistics	Merchant-first OS: 16,000+ app ecosystem; Shop Pay checkout; B2B GMV +96% (2025); 175+ country reach; AI-native tools (Sidekick, Magic)

WooCommerce	~20%	Open-source	Open-source WordPress plugin	Free at base; highly customisable; dominant with developers; lacks integrated payments/logistics ecosystem
Wix Stores	~20–23%	\$1.76bn (total)	Website builder + e-commerce	Ease of use and drag-and-drop design; limited enterprise scalability; 200k active e-commerce stores vs Shopify's 2.5m
Squarespace	~15%	~\$1.1bn	Design-led website + commerce	Strong aesthetics for creative brands; narrower app ecosystem; limited B2B and enterprise capabilities
Salesforce Commerce Cloud	<5% (enterprise)	Part of \$35bn SFN	Enterprise SaaS commerce	Deep CRM integration; high implementation cost and complexity; targets Fortune 500 vs Shopify's SMB-to-enterprise continuum

Sources: Statista (2025a); Marketplace Pulse (2026); Uptek (2025); Digital Commerce 360 (2026); Shopify (2026a). Note: "Platform share" is the share of online merchants

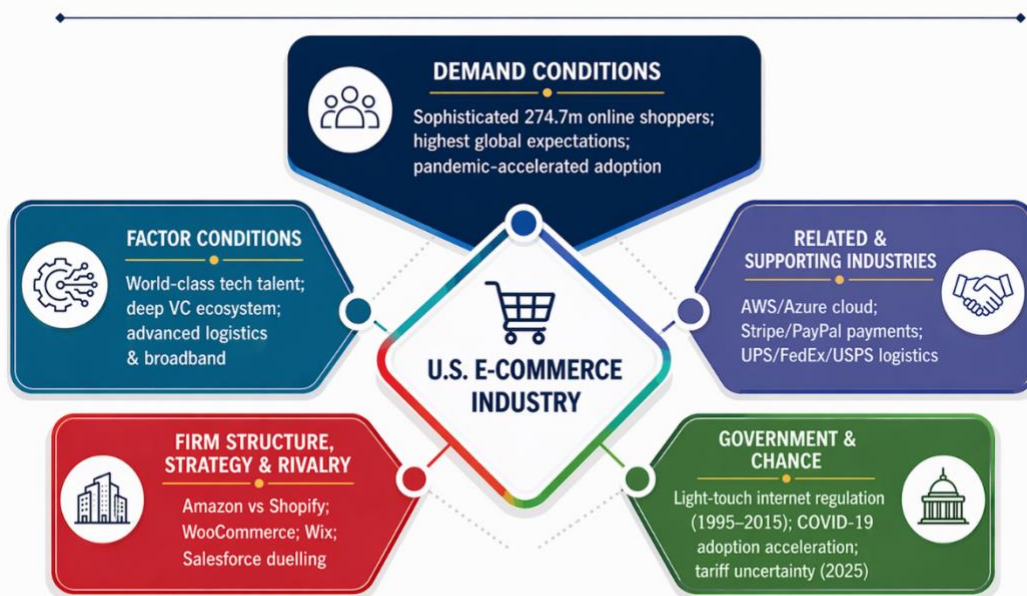
using e-commerce software. The current share of total U.S. retail e-commerce GMV (across all channels) for Shopify is around 14% (Marketplace Pulse, 2026).

In contrast to the consumer marketplace of Amazon, Shopify is a merchant-based infrastructure platform that empowers independent sellers to manage their branding, stores and customer data. Its multi-faceted structure cuts across software, payment (Shop Pay) and enterprise solutions (Eisenmann et al., 2006). Nevertheless, the “Buy with Prime programme” by Amazon is a direct competitor of the Shopify payments and logistics revenue among its own merchants (Brandhistories.com, 2025).

3. Porter's Diamond Model of National Competitive Advantage

The Diamond Model developed by Porter (1990) describes the reasons why certain industries can maintain competitive advantage in the world by four interacting determinants (Factor Conditions, Demand Conditions, Related and Supporting Industries, Firm Strategy/Rivalry) as well as Government and Chance. As applied to the U.S. e-commerce industry, the model provides the structural context that has transformed the United States to be the largest e-commerce industry in the world and positively influenced the strategic focus of Shopify.

Figure 2: Porter's Diamond Model — Applied to the U.S. E-Commerce Industry



Source: Adapted from Porter (1990, p.72)

3.1 Factor Conditions

Porter (1990) identifies basic factors endowments and advanced and specialised factors, which are made by investing in education, research and infrastructures, as the real origin of long term competitive advantage. U.S. has the following developed factors of e-commerce.

Its human capital in technology is unmatched, with its driving force of the top universities (MIT, Stanford, CMU, Caltech, UW) and H-1B visa programme (Dunning, 2000). Patient capital comes in the form of U.S. venture capital ecosystem that invested more than 170 billion in 2024 (NVCA, 2025). In particular, the deep U.S. equity markets were useful to Shopify, through its NYSE/TSX dual-listing which allowed it to conduct its 2015 IPO in the amount of \$1.27 billion and thereafter expand into payments, logistics, and enterprise commerce.

Physical and digital infrastructure is on a high level: 91 percent of households in the U.S. have access to broadband (Statista, 2025b). The logistics infrastructure has 2.65 million km of paved roads, 24 of the 50 busiest cargo airports in the world, and well-established

last-mile delivery systems (UPS, FedEx, USPS, Amazon Logistics) to support the fulfilment of e-commerce (Hivelr, 2024).

3.2 Demand Conditions

Porter (1990) cites the attributes of demand in the home market as one of the most powerful influences of national competitive advantage since advanced domestic clients compel constant innovation. The U.S. establishes a very favourable e-commerce consumer climate.

In the e-commerce world, the United States has one of the highest rates of online shoppers (274.7 million or 81% of the population) (Capital One Shopping, 2026). U.S. shoppers want fast shipping, variety, ease of checkout and returns. Shopify, on its side, developed Shop Pay (50% of the conversion rate of guest checkout), Managed Markets (international pricing) and Shopify Shipping (cheaper rates) (Shopify, 2026a).

Direct brand purchases are also an American consumer culture. About 15 percent of all online shoppers like to purchase directly with recognized brands- this proportion is even larger in the U.S. (Capital One Shopping, 2026). Such a cultural perspective confirms the strategic thesis of Shopify: an increasing number of buyers choose separate brand stores to the aggregated marketplace offered by Amazon.

3.3 Related and Supporting Industries

A dense network of mutually dependent firms sharing knowledge, talent, and infrastructure to leverage joint innovation contribute to the U.S. e-commerce platform industry enjoying what Porter (1990) refers to as thick industrial ecosystems.

Shopify takes advantage of this ecosystem. To process \$123.84 billion in GMV in Q4 2025 (this is not possible without hyperscale platforms) cloud (AWS, Microsoft Azure, Google Cloud) is needed (Shopify, 2026a). Shopify Payments are powered by U.S. payment system (Stripe, PayPal, Visa, Mastercard) and handled 84 billion GMV of platform GMV in Q4 2025 (68% of platform GMV) (Yahoo Finance, 2026). Shopify Audiences is an AI-driven tool to help merchants reduce their cost of acquiring customers by 50% (Blankboard Studio, 2025); relying on the U.S. digital advertising ecosystem

(retail media spend over \$62 billion in 2025). Finally, the Shopify partner ecosystem, with 16,000 apps listed in its app store and \$1 billion paid out to partners in 2024, provides a network of third party developers and agencies that is self-sustaining and does not require investment from the platform (Capital One Shopping, 2026).

3.4 Firm Strategy, Structure and Rivalry

The domestic rivalry in the technology of the e-commerce platforms is the worst in the United States than anywhere in the world. Shopify, WooCommerce, Wix, Squarespace, BigCommerce, Salesforce Commerce Cloud and many vertical-specific platforms are competing intensely to acquire, retain and monetise merchants. This rivalry is the main source of sustained platform innovation: Shopify 2025 releases of Sidekick (AI merchant assistant), Universal Commerce Protocol (with Google), Shopify Catalog and Universal Cart, all of which aim at making commerce a part of an AI interface, demonstrates the competitive pressure of engaging technically advanced competitors in a market where merchant switching costs, although significant, is not infeasible.

According to Porter (1990), home market competition is the strongest stimulant to competitive upgrading since the companies that survive in the intense competition at home are well equipped to enter the international market. The experience of Shopify proves this fact: after developing the capabilities of its platform and operational sustainability on the highly competitive market of the United States and North America, it has already managed to expand to serve the needs of merchants in 175 countries, with the international revenue increasing 36% annually in 2025 (Yahoo Finance, 2026). The organisational design of the U.S. e-commerce platform companies, consisting of agile, product-driven cultures, speedy iteration cycles and API-first structures, is in itself a competitive throughput that indicates the innovation-intensive standards of the American technology sector (Brynjolfsson and McAfee, 2014).

3.5 Government and Chance

Government has been a twofold influence on competitive environment. Traditionally, a laissez-faire American regulatory approach platform e-commerce thrived on the basis of

the Communications Decency Act (1996) and the absence of a national sales tax on the internet until 2018. Section 4.1 discusses recent regulatory changes.

Another factor, which has had a great impact on the industry, is chance events. COVID-19 increased the rate of e-commerce use by an estimated five years and propelled a 33.5 per cent quarter-on-quarter sales growth in Q2 2020 (SellersCommerce, 2025). In the case of Shopify, the COVID-19 pandemic has accelerated millions of already reluctant small businesses into the digital world in a few weeks, driving users and sales to new heights. On the contrary, the 2025 repeal of the de minimis tariff exemption and imposing the general U.S. tariffs has been a bad luck event that disrupted supply chains of Shopify merchants relying on China. However, Shopify minimised the impact by its timely actions: it launched a Tariff Guide and Managed Markets compliance tools (Digital Commerce 360, 2026).

Table 2: Porter's Diamond Model Summary — U.S. E-Commerce Industry and Shopify

Dimension	Key Strengths (Opportunities for Shopify)	Critical Challenges / Limitations
Factor	• World-class tech talent • \$170bn+ VC ecosystem • 91%+ broadband penetration • NYSE dual-listing → deep equity capital	• AI/ML talent shortage intensifying • Infrastructure inequality (rural & low-income markets)
Demand	• 274.7m online shoppers • High brand-direct purchasing preference • Demanding standards → Shop Pay innovation	• Post-pandemic growth normalisation • Tariff-driven consumer price sensitivity • BNPL antitrust scrutiny (<i>Sezzle v. Shopify</i>)
Related	• AWS/Azure cloud → \$378bn GMV at scale	• Dependence on third-party cloud/payments

	• Stripe/PayPal payment rails • \$62bn U.S. retail media market • 16,000-app developer ecosystem	• Amazon 'Buy with Prime' competing for logistics revenue
Rivalry	• Intense rivalry drives continuous innovation • AI commerce launched ahead (Sidekick, UCP) • B2B expansion into underserved segment	• WooCommerce zero-cost model attracts price-sensitive developers • Amazon Buy with Prime competes for checkout • Platform commoditisation risk
Government	• Light-touch internet regulation enabled scaling • STEM investment → talent pipeline • SBA export programmes supporting merchants	• Fintech regulation risk (CFPB oversight) • CCPA/state privacy laws → compliance burden • Antitrust scrutiny as payments scale
Chance	• COVID-19 forced millions of SMBs online → drove Shopify adoption • AI commerce wave (2024–2026) → new revenue channels	• 2025 U.S.-China tariff escalation disrupting supply chains • De minimis exemption removal → cross-border complexity

Source: Author's analysis adapted from Porter (1990)

4. Shopify Inc.: Critical Evaluation of Success Factors in the U.S. Market

Tobias Lutzke, Daniel Weinand and Scott Lake, first started out to sell snowboards online founded Shopify Inc. in the year 2006 in Ottawa, Canada. Shopify has its headquarters in Ottawa, but is operationally based in the United States due to practical considerations, where most of its revenue, merchants and strategic partnerships are concentrated. SHOP trades on TSX and NYSE.

The financial results of Shopify in 2025 were outstanding in any standard. Full-year 2025 is also projected at \$11.56 billion - a 30% year-on-year increase over 2024 revenue of \$8.88 billion - the first year that Shopify achieved a revenue of over 10 billion (Shopify,

2026a; Digital Commerce 360, 2026). Gross Merchandise Volume (GMV) The aggregate value of products sold in stores powered by Shopify has reached Gross Merchandise Volume (GMV) of 378.44 billion in 2025; this is an increase of 29.5 percent compared to the previous year of 292.28 billion (Shopify, 2026a). The operating income increased 37% to 1.47 billion, and the free cash flow amounted to more than 2 billion in the year, and the free cash flow margin stood at 17% (Stock Titan, 2026). Table 3 brings out an in-depth analysis of the financial trend of Shopify.

Table 3: Shopify Inc. — Key Financial Performance Metrics, 2022–2025

Metric	2022	2023	2024	2025
Total Revenue (USD)	\$5.60bn	\$7.06bn	\$8.88bn	\$11.56bn
Revenue YoY Growth	+21%	+26%	+26%	+30%
Gross Merchandise Volume (GMV)	\$197.2bn	\$235.9bn	\$292.3bn	\$378.4bn
Gross Profit	\$2.91bn	\$3.52bn	\$4.47bn	~\$5.54bn
Operating Income / (Loss)	-\$269m	-\$1,418m	+\$1,080m	+\$1,468m
Free Cash Flow	~\$0.2bn	~\$0.9bn	\$1.6bn	\$2.0bn
U.S. E-Commerce Platform Share	~26%	~27%	>12% (retail GMV)	14% (retail GMV); ~29% (platform)

Sources: Shopify SEC Filing Q4 2024 (2025); Shopify (2026a); Digital Commerce 360 (2026); Marketplace Pulse (2026); Capital One Shopping (2026)

The business model of Shopify is not comparable to the usual e-commerce firms. It has two sources of revenue: Subscription Solutions (~27% of 2025 revenue) -monthly fees at five levels, Basic (39/month) to Shopify Plus (enterprise) and Merchant Solutions (~73%),

which includes Shopify Payments and Shopify Capital. The model involves two tracks of revenue that are generated in a linearly dependent way upon the merchant GMV: the more the platform and merchants are transacting, the larger the processing fees and the self-reinforcing growth cycle between the platform and merchants (Eisenmann et al., 2006).

4.1 Political Environment

Shopify has facilitating and restrictive forces within the U.S. political environment. The traditionally favourable attitude toward internet business (Internet Tax Freedom Act, light platform regulation) and compatibility with SBA export promotion programmes are enablers that contributed to Shopify becoming a startup with a 11.56 billion in revenue in less than two decades.

The 2025-2026 scenario is nevertheless extremely volatile. The 145% tariffs levied by the Trump administration on Chinese imports, and 10% minimum on others, have undermined the merchant supply chains, especially those relying on Chinese imports. The removal of the de minimis exemption (800-duty free) had a devastating impact on cross-border merchants. The CFO of Shopify stated tariffs and trade wars have led merchants to develop at a pace that they never believed could happen (Digital Commerce 360, 2026).

Shopify demonstrated its platform capability by launching its Tariff Guide (Automated HS code lookups and tariff calculations) and Managed Markets (price including duty in 150-plus countries) (Ainvest, 2025). However, GMV grew by 31% in Q2 2015 to 87.8 billion, and the expected increase in demand was not seen (PYMNTS, 2025).

There is also U.S.-Canada trade tension, which presents a special political vulnerability to Shopify as a Canadian company-based company- a vulnerability that pure U.S. rivals such as Amazon do not have.

4.2 Economic Environment

Shopify is a product of both the structural and cyclical factors of the U.S. macroeconomic climate in 2025. On the positive side, U.S. e-commerce sales were estimated to be

1,233.7 billion in 2025, and are projected to be 2.5 trillion in 2030, with long-term growth in consumer spending on digital goods proving to be resilient to inflation (U.S. Census Bureau, 2026; SellersCommerce, 2025).

The growth in B2B in particular is a very positive development: Shopify's GMV in B2B grew by 96% in 2015 while the U.S. B2B e-commerce market was 32.11 trillion (14.5% CAGR) (Shopify, 2026a; SellersCommerce, 2025).

Nevertheless, there is a weakness in Shopify: Merchant concentration within its clientele. Costs and recessions are more vulnerable to small businesses. The 2025 rise in COGS brought about by tariffs tightened the margins of merchants, some unsustainably (Motley Fool, 2025). The answer to this is Shopify Capital (merchant lending) by Shopify which gives merchants access to working capital, both as an economic buffer and a source of financial services revenue to Shopify.

Lastly, Shopify will produce 2 billion in free cash flow with a 17 percent margin in 2025 ten quarters in row of double-digit FCF (Stock Titan, 2026). This financial discipline, after the 2023 operating loss of \$1.42 billion (on divested logistics assets), makes Shopify able to invest in AI commerce investments by 2026-2030 without external capital markets.

4.3 Legal Environment

The U.S. legal environment of Shopify is becoming more and more sophisticated, not only as the company is expanding into payments/financial services but also as the regulation of tech platforms in general. There are three aspects of law which must be critically analyzed.

First, antitrust threat. Even though it is not being pursued in the same manner that FTC v. Amazon, Shopify is fighting over Sezzle Inc. v. Shopify Inc. (filed June 2025), claiming monopolistic behaviour in BNPL markets. Shopify claims that the market in question is the e-commerce market in the United States as a whole- a definition that, once adopted, would make the company less vulnerable to antitrust regulations. Nevertheless, a more focused definition of the market based on platforms might restrict the capacity of Shopify to package financial services at checkout, which has a direct effect on the revenue of

Merchant Solutions. According to Buckley and Casson (1976), host-country antitrust intervention is attracted by platform dominance.

Second, the cost of compliance with data privacy. Shopify manages information of 875 million distinct worldwide buyers (Shopify, 2025) a strategic resource and legal cost. A fractured, costly compliance environment has been established by the CCPA/CPRA and 19 state-level privacy laws (as of 2025). President Harley Finkelstein admitted: we have trillions of data points...a more diverse commerce data set than anyone on the Internet (Digital Commerce 360, 2026).

Third, regulation of financial services. Shopify Payments (money services), Shopify Capital (lending) and Shop Pay Installments (BNPL) are regulated by CFPB and state financial regulators. Revenues from financial services grew 35% (Yahoo Finance, 2026) in Q4 2025, which adds to the risks. The evolving CFPB view of BNPL (that BNPL is credit under TILA) has costs that limit product design.

4.4 Cultural Environment: Hofstede's Framework

Using Hofstede's (1980) cultural dimensions of the Power Distance Index, Individualism, Masculinity, Uncertainty Avoidance, Long-Term Orientation, and Indulgence frameworks, we can explain the appeal of the Shopify business model to Americans.

On Individualism (91/100), the U.S. has a high score which means that the culture prioritizes individual agency and entrepreneurship (Hofstede, Hofstede and Minkov, 2010). This is in line with the value proposition of Shopify, providing the ability to independent entrepreneurs to create their own brands, without having to be subordinate to the regulations of the Amazon marketplace. The story of democratizing commerce shared by Shopify is highly appealing to American ideals of individualism as opposed to high-collectivism markets like China or Japan (Johanson and Vahlne, 1977).

Uncertainty Avoidance is also low in the U.S. (46), which means that the culture does not fear novelty and experimentation (Hofstede et al., 2010). With BNPL, AI-powered Audiences, or Sidekick assistant, American merchants are quick to embrace the new features of Shopify. This experimentation would be more inhibited in a high-uncertainty-

avoidance market, such as Germany (65) or Japan (92) once again validating the U.S. as the perfect test market with innovation.

However, tensions exist. The low Power Distance score (40) of the United States implies that merchants require transparency and impartiality of platforms. Reputational risk ensues when the changes in policy (pricing, App Store conditions, rival products) of Shopify are viewed in ways contrary to the ethos of merchant first. The emerging culture of fair governance of the platform as merchants grow more reliant on Shopify and conscious of its market strength..

Table 5: Hofstede's Cultural Dimensions — USA and Implications for Shopify (2025)

Dimension	USA Score	Global Avg	Direction	Strategic Implication for Shopify's U.S. Operations
Power Distance	40	~55	LOW	Merchants expect fair and open platform governance. Any changes in platform policies (price, App Store) engender merchant backlash in low-PD U.S. culture. Brand equity is hard to build and easily lost.
Individualism	91	~43	VERY HIGH	Very positive: 'Build your own brand' is a compelling message US entrepreneurs favour the merchant freedom of Shopify over the marketplace of Amazon.
Masculinity	62	~50	HIGH	Achievement-oriented culture drives merchant ambition and scaling behaviour. Shopify Plus (enterprise tier) benefits from merchants aspiring to grow. Competitive

				success metrics (GMV dashboards, leaderboards) are culturally motivating.
Uncertainty Avoidance	46	~65	LOW	American merchants are quick to try new platform tools (AI tools, BNPL, stablecoins). Willingness to experiment facilitates U.S. as a test market for Shopify's product launches.
Long-Term Orientation	26	~48	LOW	Short-termism is a problem: merchants want a quick payback on platform investments; the need to deliver profits in the near-term limits Shopify's pace of building their platform. Yearly subscriptions are more price sensitive.
Indulgence	68	~44	HIGH	Merchant GMV reflects consumer spending on luxury goods & services. \$14.6bn BFCM 2025 merchant sales reflect consumer indulgence. Upgrading to higher subscription levels fuels Shopify Plus' growth.

Sources: Hofstede, Hofstede and Minkov (2010); Hofstede Insights (2025)

Most importantly, a cultural axis peculiar to the Shopify multi-sided platform model the interdependence of the culture of merchants and culture of consumers is shed some light as well through the Hofstede framework. The American entrepreneurial culture with high-Individualism and high-Masculinity influences the U.S. merchant to be aggressive in their development and invest in growth tools, thereby making Shopify merchant solutions

(Shopify Capital, Shopify Audiences, Shopify Markets) the most demanded. Meanwhile, the low-Uncertainty-Avoidance / high-Indulgence cultural conformity of U.S. consumers, willing to explore new channels of purchase and free to spend on discretionary purchases, has increased the GMV that generates the revenues of payment processing by Shopify. Such a constructive demand environment structurally primed by this cultural process of reinforcing of American merchant ambition and American consumer expenditure is uniquely well-positioned in favour of such a platform monetising both in tandem (Eisenmann et al., 2006).

5. Conclusion

The report critically evaluated the strategic position of U.S. e-commerce sector and that of Shopify through the Diamond Model of Porter(1990) and PESTEL/Hofstede frameworks.

The Diamond Model unveils the fact that the U.S. is a highly favourable location of the e-commerce platforms: talent and VC capital are world-class, 274.7 million consumers are advanced, supporting industries (cloud, payments, logistics) are rich, and local competition is high, which results in the continuous renewal of innovations. The COVID-19 pandemic was a Porterian chance event that accelerated five years of adoption of e-commerce within a year and triggered the migration of SMB to Shopify.

The financial performance of Shopify over the past years, including a revenue amount of \$5.60 billion (2022) to \$11.56 billion (2025) with a GMV of 378 billion and a free cash flow of 2 billion, signifies both the power of the U.S. market and the successful merchant-focused approach (Shopify, 2026a; Digital Commerce). Shopify has successfully maneuvered political interference (tariffs) by having responded proactively by diversification of its business with B2B/financial services, economic resilience through diversification, navigated legal complexity, and cultural alignment which is American individualism.

Nevertheless, there are still structural problems. Amazon has a direct competition with Shopify in its merchant pool through its Buy with Prime. The Sezzle antitrust case would limit the bundling of financial services- the main engine of Merchant Solutions growth.

The AI commerce wave (buys triggered via chat interfaces, not the shops) poses a threat to the Business as it is understood by Shopify. The reaction by Shopify, such as Universal Commerce Protocol (in collaboration with Google), Checkout Kit (in Microsoft Copilot), indicates that the organisation is aware of its strategies (Yahoo Finance, 2026), but the success of the AI transition is questionable. According to Dunning (2000), to be successful in the long term, the firm-specific benefits have to be constantly replenished, Shopify needs to be indispensable as the store-fronts become AI discussions.

SECTION 2: REFLECTIVE ACCOUNT

6. Reflection Using Gibbs' Reflective Cycle

In this section, the research, analysis and writing process of this report will be a structured personal reflection based on Gibbs (1988) Reflective Cycle - a six stage model, consisting of Description, Feelings, Evaluation, Analysis, Conclusion and Action Plan. The reason behind the choice of Gibbs cycle over the Kolb's (1984) experiential model of learning is due to the fact that its acknowledgment of the emotional and affective aspect of learning is much more comprehensive in terms of resolving post-graduate reflective practice as advised by Moon (1999) in her discussion of reflective writing in higher education.

Stage 1: Description

This assignment involved choosing a country and an industry, creating a detailed overview of the industry and competitive analysis, using Porters Diamond Model, critically assessing Shopify as the selected MNC on the political, economic, legal and cultural levels, and creating a 5,000-word structured report with this reflection. I chose the United States and the e-commerce sector because of both lots of high-quality publicly-available information and because Shopify is a specifically rich and theoretically interesting case study, a Canadian based company that has attained dominance of its platform in the most competitive e-commerce market in the world.

To make sure that all financial information has been obtained in primary sources instead of secondary compilations, I started my research with the systematic review of the official SEC reports by Shopify, specifically the Q4 2024 earnings press release (Shopify, 2025), the Q1, Q2 and Q3 2025 Forms 10-Q (filed with the SEC) and the Q4 2025 I proceeded to consult the scholarly literature (Porter, 1990; Hofstede, 1980; Dunning, 2000; Eisenmann et al., 2006; Johanson and Vahlne, 1977; Buckley and Casson, 1976) and then consulted the current sources of industries such as U.S Census Bureau e-commerce data, Market.

Stage 2: Feelings

I was very intellectually interested in my assignment. I initially thought Shopify was the only company that was successful because it allows small businesses to enter the online market. But as I did more research, I realised the strategy is more complex. The most intriguing aspect is the competition between Shopify and Amazon. It's not just a direct competition but a game that involves multiple dimensions where Buy with Prime hits Shopify and AWS remains a key player in IT infrastructure.

It was rewarding but painful to use Porter's Diamond Model. I wanted to put it on a sticky note on my computer at first. I re-read Porter (1990) where he says that it's the dynamic interaction of determinants (not endowments) that create a competitive advantage for a company, and re-wrote Section 3 to emphasise the interaction of determinants to create a virtuous circle.

Stage 3: Evaluation

The advantages of my method were the strict organization of all financial statements on the basis of primary SEC reports, which was crucial: many secondary sources will provide different values of the revenues of Shopify in 2025, and the check against an official Shopify earnings release (Shopify, 2026a) always gave more correct and accurate values. This intentional non-Amazon MNC choice also enhanced the analytical novelty of the report - though Amazon is the more intuitive e-commerce example, Shopify platform-as-infrastructure business model presents theoretically different and more subtle international business issues regarding multi-sided platform governance, SMB management and the internationalisation of platform companies.

One of the weaknesses of my strategy was the inability to ensure the critical balance between the strengths and weaknesses of Shopify. The financial trend of the corporation in 2025 was truly remarkable 30 percent growth of revenues at the height of 11.56 billion scale is not characteristic of the company of this magnitude and the tendency toward admiring analysis gravitational tendencies. I did this by explicitly framing every section of the report around opportunities and constraints, and by taking the issue of antitrust, tariff

and AI commerce disruption risks that are often underestimated in business reporting concerning Shopify very seriously.

Stage 4: Analysis

Analytically, the paradox that this research created is the contradiction of the position that Shopify occupies in the market: being an operating system of millions of independent merchants is the strongest asset of the platform, but at the same time its weakest strength. The revenues of Shopify increase in direct correlation to the merchant GMV, meaning that any economic remanence that decreases merchant sales (tariffs, consumer downturns, competitive displacement) has a direct impact of decreasing the revenues of Shopify. The structural sensitivity to macroeconomic conditions that this GMV-linkage would give a pure SaaS subscription model would not possess.

The Hofstede analysis generated a revelation that I did not previously foresee at the start: what I have termed as American individualism, and the Shopify narrative of merchant empowerment, is not a marketing fit, but a condition of structural demand. The highest score in Individualism of all countries (91) indicates that the American entrepreneur is culturally inclined to establish autonomous ventures, not to integrate into aggregated systems, which is creating an innate base of demand in the model of Shopify inaccessible to the same extent in a collectivist market. The discovery expanded my knowledge on why the Hofstede framework is not only applicable to cross-cultural management, but also to demand-side market analysis.

Stage 5: Conclusion

This assignment allowed me to better appreciate the challenges of bringing international business models to platform-economy firms. The main insight was that theories that explain internationalisation of manufacturing and traditional service MNCs - Dunning's (2000) Ownership Location Internalisation (OLI) model and Johanson and Vahne's (1977) internationalisation process - require modification to apply to platforms. Shopify does not export to the United States; it facilitates exports from the United States. This flip in the internationalisation process is a new challenge for theory which current models address only partly.

Stage 6: Action Plan

There are three things I will take from this course. First, I will always rely on financial reports (such as SEC reports and earnings announcements) because they give me more accurate and informative data than aggregations. Second, I will deepen my knowledge of platform economics research (Eisenmann et al. 2006 on multi-sided markets, Rochet and Tirole 2003 on platform pricing) as traditional international business theories have failed to explain Shopify's business model. Third, I will explore the emerging research on AI commerce and platform governance. The key issue for e-commerce platforms from 2026-2030 will be retaining relevance as e-commerce moves from web pages as shop front to conversational AI shopping.

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