



3 Reasons Why 2016 Should Be Another Fantastic Year for Shopify Inc.

Description

Without a doubt, 2015 was a very fruitful year for **Shopify Inc.** (TSX:SH)([NYSE:SHOP](#)). Of particular note, the e-commerce provider became a public company back in May, and its shares traded well above initial expectations.

Then as the year went on, and news spread about Shopify's success, more and more merchants continued to sign up. By the end of the third quarter, over 200,000 merchants were using the Shopify platform. That number was only 41,000 less than three years earlier.

This year should also be a big year for Shopify. We take a look at what to expect below.

1. Tighter integration

Shopify's merchants tend to be extremely loyal, and this shouldn't surprise anyone. Not only does the company have a top-quality offering, but switching e-commerce platforms is extremely disruptive for any business. In fact, any attrition is practically nullified by growth from remaining merchants.

So Shopify can generate very steady revenue from its merchants month after month. But it gets better. With such captive customers, Shopify is able to cross-sell other services to these merchants. Not only does this generate even more revenue, but it ties merchants even closer to the Shopify platform.

We saw plenty of this in 2015. For example, Shopify partnered with the makers of QuickBooks, allowing many merchants to integrate their online store with their accounting software. The company has also started offering a point-of-sale payment solution for retail stores, rivaling high-flying tech company **Square Inc.**

And you should expect more such moves in 2016. Shopify has more financial resources at its disposal than ever before and will undoubtedly use them to its advantage.

2. More partnerships

Shopify's growing status has not gone unnoticed by the business community. This allowed the

company to sign a slew of partnerships during 2015.

For example, Shopify deepened its relationship with companies such as **Facebook**, **Twitter**, **UPS**, and Uber. The company's merchants now have a greater number of ways to market and ship their products.

So as we head into 2016, Shopify's offering will largely be determined by what these partner companies do. For example, how effective will social networks like Facebook and Twitter be at convincing users to make purchases while browsing their sites?

We may also see more such partnerships announced. It's all part of Shopify's plan to develop the best possible offering for its merchants.

3. Moving up the food chain

Shopify is known mainly as a solution for small businesses. But there are larger companies that use the platform as well.

There is a special offering for these larger companies: Shopify Plus. And we should see tremendous growth in this platform not only in 2016, but in future years as well. So even though Shopify doesn't break out numbers for Shopify Plus, you should at least expect to see revenue per merchant continue to grow rapidly.

To make a long story short, a lot is going Shopify's way right now. You should expect a lot of good news in the coming year.

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