



## 3 Reasons Shopify Inc. Will Continue to Soar

### Description

**Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has doubled in value year to date, leaving investors wondering if it has run its course. While there could be little blips along the way, like the pressure we've seen on the stock in the past week, here are three reasons why Shopify looks poised to head higher.

#### More merchants are signing up on Shopify

Shopify is an e-commerce platform that helps small- and medium-sized businesses build and manage their own online stores. With the convenience of online shopping catching up substantially in recent years, the timing couldn't be better for Shopify, and merchants appear to be lapping up the company's offerings.

Shopify added a record number of merchants to its platform during the first quarter after clocking 50% net new merchants in FY 2016. As of the company's latest update, it had more than 400,000 merchants on its platform spread across 175 countries. The company is already making its presence felt across the globe.

#### Shopify's top line is growing at torrid pace

As a company in its early stages can take time to break even, the focus is on how far it's growing its revenues. Last quarter, orders worth a whopping US\$4.8 billion were processed on Shopify's platform, representing an 81% jump year over year.

Shopify's Subscription Solutions revenue, or the monthly fees that merchants pay for using its platform, grew 60% in Q1, indicating that merchants are sticking around with the platform. Combined with rising Merchant Solutions revenue, which represents earnings from transaction and shipping costs on orders processed through its platform, Shopify's total revenue jumped 75% in Q1 to US\$127.4 million.

[Shopify's full-year outlook](#) as of now calls for 60% growth in revenue at the mid-point from FY 2016 levels.

## Shopify continues to innovate

Shopify knows it must offer differentiated products and services to make a mark in the hot e-commerce space. The company's Shopify Plus platform caters to the needs of big brands, and already counts heavyweights like **Tesla**, **General Electric**, and Nestle among its clients. Shopify recently introduced the wholesale option in Shopify Plus.

Moreover, Shopify also has a "[Sell on Amazon](#)" platform and has even partnered with **Facebook**. And let's not forget that Shopify already has its in-house payments gateway and even its own credit card reader.

Each of these moves reflects Shopify's intent focus on innovation, and I believe that will play a key role in taking the company to new heights.

There could be a lot more in store, given Shopify's recent move to sell shares to raise cash worth around US\$488 million to grow its business further. Shopify could even use [the money](#) for acquisitions if its past stock sale moves are anything to go by. Whatever it does, Shopify's management has been credible so far; chances are it'll put the money to good use. For investors, that could mean even bigger things for Shopify and newer heights for its stock.

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2. Tech Stocks

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