



## Shopify Inc. Partners With eBay Inc.: Time to Buy?

### Description

**Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) recently announced its plans to partner with **eBay Inc.** ([NASDAQ:EBAY](#)). The partnership will allow Shopify's merchants to sell its goods directly on eBay.

Shopify made a similar partnership with **Amazon.com, Inc.** ([NASDAQ:AMZN](#)) a few years ago, and shares of Shopify surged following the news. Will this partnership result in the same fate for shares of Shopify?

Shopify has returned 180% to shareholders over the past year, but the stock appears to be taking a breather. Many analysts have been downgrading the stock over valuation concerns, and I think such downgrades are completely warranted. Shopify is still ridiculously expensive and may be in the speculation zone.

The general public will react positively to the eBay partnership, but I'm not sure if shares will rally like they did with the Amazon deal. Sure, Amazon is the better platform to partner with, but that's not the only reason the eBay deal may not send shares flying.

Shareholders of Shopify already expect perfection, and the eBay partnership is unlikely to impress the general public. Simply put, Shopify has raised the bar so high that now it may struggle to impress shareholders like it was able to in the past.

Shopify wants to integrate with as many outlets as possible to make the lives of its merchants easier and more convenient. Merchants have been pushing for Shopify to integrate with eBay for quite some time now, and this move will be music to their ears.

Since Shopify doesn't rely on long-term contracts with its subscriber base, the company needs to innovate, and it needs to listen to its merchants to retain subscriptions. Shopify continues to impress not only shareholders, but merchants too, as the company looks to capture the small- and medium-sized e-commerce market by storm.

The eBay partnership is likely to attract even more subscribers to its platform as many of Shopify's competitors may not be at the same level at this point in time. Many merchants have sold goods on

their e-commerce site as well as eBay, but now the integration makes Shopify the must-have platform for small-business owners.

### Bottom line

The recent partnership is going to drive subscriber growth, but I still don't think it's a smart idea to pick up shares at these levels. Although the growth prospects are out of this world, so is the price, and for that reason, I'm sticking to the sidelines, at least until shares pull back.

Stay smart. Stay hungry. Stay Foolish.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:EBAY (eBay Inc.)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:SHOP (Shopify Inc.)

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