

Is This the Best Time to Buy Shopify Inc. (TSX:SHOP) Stock?

Description

Despite its ups and downs over the course of this year, **Shopify Inc.** ([TSX:SHOP](#))(NASDAQ):SHOP) has proven to be a great investment for long-term investors.

Since its initial public offering in May 2015, this Waterloo, Ontario-based [e-commerce platform provider](#) has delivered returns surpassing 450%. This year alone, investors have a 60% gain on their investment — a much better performance when compared to many high-flying tech stocks.

Going forward, however, the biggest risk that's making many investors nervous is the company's slowing growth of trade done on its platform. That metrics is very important for a company like Shopify, whose revenue is a function of the business volume on its platform.

In the second-quarter earnings, [Shopify reported](#) that growth in gross merchandise volume, the total amount of sales made by all the vendors on its platform, slowed for the third consecutive quarter. For the second quarter, GMV rose \$9.1 billion, up 56% from the same time last year. That growth rate was 64% in the first quarter of this year.

Since that report, Shopify stock has lost 12% of its value and is struggling to break out of this sluggish cycle. If you were waiting for a right moment to take a position in this excellent growth stock, I think this dip is offering you that opportunity.

In a bigger picture, I foresee that Shopify stock will continue to ride the wave of e-commerce expansion. That super cycle is still in its early stage, and there is a lot of action that will take place in the next decade.

Cumulative data compiled within *The Enterprise Guide to Global ecommerce* anticipates a 246.15% increase in worldwide e-commerce sales, from \$1.3 trillion in 2014 to \$4.5 trillion in 2021. That's a nearly threefold lift in online revenue. In this massive opportunity, Shopify has found a nice niche that's catering to the e-commerce needs of small and medium-sized entrepreneurs.

Shopify's e-commerce platform provides solutions to many of the major challenges that these entrepreneurs face while starting and growing a successful online business. That includes payment processing, inventory management, shipping logistics, and customer support.

"The company's competitive advantage is ultimately derived from the simplicity and robustness of its platform and extensive partner ecosystem, which allows anyone in the world, regardless of technical expertise, to use Shopify to sell products online," according to a study by *Ivey Business Review*.

Bottom line

If you're a long-term investor looking to buy a quality tech stock, Shopify is one of the best stocks available on the Street. It's in the right business, has a great competitive advantage, and is supported by many catalysts. I think the timing to buy Shopify is still opportune.

CATEGORY

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