



## Shopify Inc. (TSX:SHOP) Just Opened a...Shop?

### Description

In case you haven't realized it, one of the most [lucrative tech investments](#) over the past two years has been **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)). For those that are unaware of what Shopify does, the software company offers a platform for creating a digital storefront that can be set up in a fraction of the time that traditional methods required, while simultaneously offering a growing bucket of bolt-on plug-ins that can add functionality to the storefront to help with customer service, ordering, marketing, and countless other areas.

The platform has grown incredibly popular over the years, attracting a large swath of both the biggest and smallest retailers on the planet. The company boasts over 600,000 businesses powered by the platform and over \$72 billion in sales traversing the platform.

Shopify's online platform has allowed countless businesses to create a digital storefront without the need for a physical location. This is a growing trend across the entire retail sector, and one that has taken its toll on several prominent brick-and-mortar retailers that have closed their doors in recent years because they were too slow to adapt to the changing face of retail.

Shopify, the undisputed beacon of success and hope for those digital storefronts, has a physical store.

The company opened its first physical location this month in Los Angeles, and while it may sound odd, the strategy is in fact brilliant.

The store allows prospective clients to come in and sample Shopify's platform, and hopefully entice those entrepreneurs to sign onto the platform. Also planned are a series of workshops and events themed at supporting Shopify's growing number of merchants.

As for the location, the trendy spot in what is known as Row DTLA is crammed with shops, offices of all sorts, which fits the bill as a typical Shopify merchant. As per Shopify, the company already has 10,000 merchants in LA, and 80,000 within the state, so there are growth opportunities for the company.

If that storefront-demo-sales model sounds familiar, that's because it bears a striking resemblance to the popular stores opened by **Apple** over the past decade that allowed customers to browse, ask

questions, set up support appointments and perhaps most importantly, sell products.

With Shopify's revenue beginning to slow as per the most recent quarter, adding a physical presence to the company could provide a boost, despite the primary focus of the store existing solely to help Shopify's existing customers.

### Is Shopify a good investment?

To be fair, Shopify's slowing revenue that I mentioned earlier represents a decline in growth of 6% in revenue year-over, to 62%. I can think of quite a few companies that would absolutely love a 62% year-over-year growth rate.

That said, the recent market turbulence has raised questions on volatility, which is something that Shopify was often criticized for. Over the course of the past three-month period, the stock is down over 17%, but this reverses to a 16% gain when looking at the past six months.

There's no denying that Shopify poses an incredible opportunity for growth-seeking investors that are looking toward the long-term, but as a short-term investment, the stock may be too volatile and risky for most.

Shopify's next earnings announcement comes at the end of this month, but it's really the quarterly report from the following period that will really excite me. That next update will likely contain both revenue from Shopify's new physical store, as well as some revenue stemming from the tide merchants [riding the legalization wave](#) that is set to hit Canada this month.

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