



## Three Reasons to Buy Shopify (TSX:SHOP) Ahead of Earnings

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock price increased by more than 30% last year, and this momentum has spilled over to 2019. The e-commerce giant managed this impressive performance amid a volatile stock market and despite posting a net loss in every recorded quarter.

SHOP is set to release its fourth-quarter and full year earnings tomorrow, and investors will be paying attention to the company's financial results. Here are three reasons to buy Shopify in anticipation of the company's earnings report.

### Strong revenue growth

Shopify has been growing revenue at a near exponential rate over the past few years, beating analysts' estimates more often than not. Between 2014 and 2017, the company's revenues soared by more than 600%. In last year's third quarter, Shopify's earnings per share came in at around 200% higher than what most analysts expected.

It is worth pointing out, however, that the rate of growth of Shopify's revenue has slowed down. Still, with such a strong history of earnings growth, it would not be surprising if Shopify could surpass expectations once again. If it does, the company's stock price will probably climb even higher.

### Shopify's new service offerings

Two of Shopify's main competitors — **Amazon** and **eBay** — have both been around for longer than Shopify. Both companies benefit from brand awareness and recognition. To increase its share of the market and continue growing profits, Shopify keeps adding new services aimed at improving merchants' chances of attracting customers.

Among these new services is Shopify's Augmented Reality (AR), a feature that allows merchants to create 3D models of their products; AR can potentially affect consumer decisions. Shopify also introduced Locations during last year's third quarter, a new offering that allows merchants to better track inventory.

Other new service offerings that were rolled out during Shopify's Q3 include Shopify App Store and Payments. The extent to which these new services will drive revenue growth will be critical to Shopify's ability to [pry customers away from Amazon](#).

## Expanding abroad

Last year Shopify released a beta version of its platform in Spanish, Portuguese, Brazilian, Italian, French, and German. These markets are a big opportunity for Shopify. Most of the company's earnings are generated in North America, but the business of e-commerce is booming elsewhere. If Shopify can manage to enter these new markets successfully, the company's revenue will continue soaring.

## Investor takeaway

Shopify has, thus far, been a success story, both as a business venture and in the stock market. The company's share value is up by more than 500% since its IPO. Shopify still has some growth drivers at its disposal. It is difficult to predict just how far the company will go, but one thing is certain: Shopify isn't done defying expectations.

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