



3 Reasons Shopify (TSX:SHOP) Stock Is up More Than 1,710% Since its IPO

Description

Since its initial public offering (IPO) **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has performed quite well, and that's frankly a *bit* of an understatement, with the company's share price having risen by more than 1,717% against its May 2015 offering price.

The provider of online shopping solutions has certainly taken the world by storm in the past couple of years.

Here are three key reasons for the emerging online giant's recent success.

Shoppers are flocking to the online D2C model in droves

E-commerce (sometimes referred to as "D2C" or "direct to consumer") is flat out one of the [fastest-growing segments in the market right now](#) — anywhere — but so far, SHOP and its management team have done an outstanding job of keeping up with the rapid acceleration in growth while continuing to protect and take market share.

In 2018, more than 218 million online shoppers purchased at least once from one of the company's digital store fronts, up from 163 million the year earlier.

Those figures represent growth of more than 33% in Shopify's base of end users in 2018, outpacing estimates for the growth of e-commerce both in the United States and abroad.

Most of Shopify's customers end up being repeat buyers

Over 50% of SHOP store fronts see a first-time buyer come back at least once more, with the average Shopify customer making 3.8 purchases per year, per store.

Not only does that suggest that Shopify's shopping experience is a good one for customers, but it carries very meaningful benefits for the company's merchants as well.

That's because loyal or repeat customers tend to be a lot cheaper to attract rather than new customers who aren't already familiar with a brand.

Cost savings on marketing expenditures can help a company drive better bottom-line profits and allow it to reinvest those savings back into product development and the company itself.

Online shopping is holiday friendly

In its first-ever State of Commerce report, Shopify tells investors that its shoppers favourite time to buy by far is the holiday season, with November being the most popular shopping month globally.

It stands to reason that rather than battle the crowds at their local shopping mall, holiday shoppers feel much more at ease within the comforts of their own homes.

This past November, [Black Friday](#) pulled in a record US\$6.2 billion in online sales, up 23.6% from the year-ago period.

Holiday shopping, and online commerce, for that matter, doesn't appear to be going anywhere anytime soon.

SHOP's shareholders ought to be rejoicing in the company's — and their own — success since it came to market with what has proven to be a very successful IPO.

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jphillips

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