



2 Reasons Shopify (TSX:SHOP) Can Climb Even Higher

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been trouncing the market recently. Over the past five years, the firm's share price is up by more than 1,000%. The performance of the broader market doesn't even come close to this number. Further, despite several analysts warning that its share [price is overvalued](#) , and despite challenges from [various major corporations](#), the tech firm continues to defy expectations. But how much more can Shopify climb? Here are two growth areas the company can leverage to continue on its upward trajectory.

International operations

Shopify's clients are disproportionately located in North America. However, there are vast and lucrative markets elsewhere, and Shopify would do well to take advantage of them. The company has already started doing so — namely, by introducing versions of its platforms in six foreign languages last year. Shopify recently added 11 new languages to the list. In addition, the company now allows merchants to sell their products in multiple currencies and, for that matter, to get paid in many foreign currencies.

The system also automatically converts product prices based on exchange rates. All of these new additions make the task of international merchants much easier and is sure to attract business owners across the globe. As the e-commerce sector grows internationally, Shopify is ideally positioned to acquire a relatively high percentage of the market share, which will help the company's revenues grow. If Shopify can achieve the same or even a similar success internationally as it has in North America, the company will continue to deliver market-beating returns.

Shopify Fulfillment Network

Shopify is looking to become a self-contained, multi-purpose platform that can serve all (or nearly all) the business needs of its merchants. Indeed, the more services Shopify offers its customers, the more costly it becomes for them to switch platforms once they have signed up for these services. This is how the company has managed to create a competitive advantage. Once a merchant has set up an online presence and connected with customers via Shopify's platform, it becomes difficult to leave.

Shopify recently unveiled a new program that will undoubtedly become popular among its merchants. Shopify's Fulfillment Network is a system powered by AI whose purpose is to help merchants get orders to their customers more efficiently. The prospect of improving efficiency is an attractive one for any serious business owner. That is why this new program will likely be popular among Shopify's merchants and will be yet another selling point to attract new merchants to its platform.

The bottom line

In many ways, Shopify still has much room for growth. While there can be some debate over whether its share price is too high, there is no denying that the company will be one of the major players in the e-commerce sector for many years to come.

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