



4 Years After Its IPO, Where Will Shopify (TSX:SHOP) Be In Another 4 Years?

Description

Are you thinking about investing in **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) like so many others? The company's impressive surge – when its IPO brought in [astounding winnings to early investors](#) – makes its stock highly promising for investment.

The IPO began at the price of US\$17 per share, and it closed the first day of trading at a remarkable US\$31.25. While the following year showed a growth of only 7.87%, the next couple of years saw Shopify soar by 282.58% to US\$128.97.

Shopify stands at a staggering US\$42.21 billion market capitalization at the time of writing, and some investors might have started to think that the stock is at its peak. But I think that this stock has yet to grow even further.

Innovations in the pipeline for Shopify

Shopify has grown into a US\$40 billion business by providing small businesses with the tools that otherwise larger companies had exclusive access to traditionally. The company managed to level the playing field for these start-up merchants and entrepreneurs.

Whether you're a single mom starting an e-commerce store from home or a multi-billion-dollar enterprise, you now have access to the same website building tools, capital, shipping options, and payment plans; it's an innovative idea that has led to Shopify's popularity.

The number of merchants that had been using the Shopify platform in 2015 was around 243,000. By 2018, the merchants grew to 820,000 and are continuously increasing.

Besides the growing number of customers, Shopify's average revenue generated from merchants has increased from \$70 to \$110, as more enterprise-level customers sign up.

Shopify primarily still caters to the small and medium-sized businesses with the Basic and Shopify plans, but with the introduction of its Plus plans, the company is targeting larger enterprises.

By 2017, Shopify had around 2,500 large enterprise-level customers on the Plus plan, which further increased to over 5,300 by the start of 2019.

Expanding skills

In addition to helping companies with its online sales, Shopify is diversifying further by offering services that compete with the likes of Square Inc. when it comes to POS for brick-and-mortar stores.

Shopify has also introduced new services like 3D modeling for product listings, and upgraded POS system, multi-currency checkout options that can work with different languages.

Other than its website building services, international expansion, fulfillment, and retail point of sale are the three areas that present Shopify with the opportunity for sustained growth.

Despite observing high-growth rates of almost 50%, it is the slowest growth rate in the four years that it's been a listed company.

In order to counter this slowdown, Shopify strives to spend \$1 billion in creating a network of fulfillment centres within the U.S. so it can become a small rival to Amazon's fulfillment service. While Shopify might not be able to rival the behemoth Amazon, it presents another opportunity for growth.

The future of Shopify

With the expansion, POS retail, and the planned fulfillment services that Shopify is planning, I'm inclined to believe that the company is going to grow further. Subsequently, the company stocks will also improve.

It's difficult to predict the success of tech stocks, as this is a continually evolving market, but I do think that Shopify has all it takes for continued growth in the coming four years.

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