



Shopify Proves its Growth Story Is Far From Over

Description

In one of the biggest shopping weekends of the year, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) looked to make a statement during Black Friday and Cyber Monday. In 2019, Black Friday sales totaled \$7.4 billion in the United States alone, while Cyber Monday accounted for \$9.4 billion in consumer spending. With the pandemic causing shoppers to become more active online, this was a weekend to watch for those invested in Shopify.

In this article, I will discuss what Shopify's performance means for the company.

How did Shopify perform?

Leading into the weekend, Shopify's management team showed that it was hyper-focused on the upcoming opportunity. The company outlined [three trends](#) that should drive Black Friday and Cyber Monday activity in 2020.

The company predicted that most shopping done over those two days will occur online. This has much to do with the COVID-19 pandemic, as cases spike and businesses resume shutdowns in different parts of the world. Shopify estimated that 49% of consumers in the United States would solely shop via online methods, with another 48% of consumers planning to use both online and in-store options. This leaves an estimated 3% of consumers shopping in-store only, which is a drastic decline from normal levels.

Shopify also noted that consumers planned to spend more this year. The company found that among those that planned on making purchases over the weekend, younger consumers (aged 18-34) plan to spend more than those aged 35 and older. This is an important note to keep in mind, as it confirms the shift investors should see in the future as e-commerce increases overall penetration.

On Tuesday morning, Shopify founder-CEO Tobi Lütke announced that merchants using the company's platform sold \$5.1 billion of merchandise over the weekend. This represents a year-over-year growth of 76%. It should be noted that consumers were buying from merchants across the world. Businesses in Los Angeles, New York, and London were standouts, as noted by Lütke.

What does this mean for Shopify stock?

Shopify stock has performed remarkably [since its IPO](#). At the time of this writing, shares have increased more than 3,800% since the initial offering. Shopify has also become the largest company by market cap in Canada. All of this has left investors to wonder if Shopify's amazing growth story is nearing its conclusion.

The incredible increase in consumer spend this year should alleviate all doubt that e-commerce still has much more to grow. Shopify's note regarding younger consumers leading the way in online spending also speaks volumes to the potential that lies within the industry.

As of June 2020, Shopify has reported that over one million businesses from 175 countries use its platform. With an industry-leading reach, Shopify should continue to see amazing gains for the foreseeable future.

Foolish takeaway

This past weekend was highlighted by a record-setting performance by Shopify merchants. About \$5.1 billion of sales were transacted by businesses using Shopify's platform. The company also noted that younger consumers were a leading driver of activity during Black Friday and Cyber Monday. All of the evidence suggest that Shopify's growth story is far from over.

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