



3 Predictions for Shopify This Decade

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is an Ottawa-based company that provides a commerce platform and services in Canada and around the world. It debuted on the **S&P/TSX Composite Index** in May 2015. Shares of Shopify have climbed [over 4,800%](#) in a five-year span. The stock is up 33% in 2021. Today, I want to go over three predictions for Shopify in the 2020s.

Don't sleep on the e-commerce boom

The COVID-19 pandemic presented a major challenge to various economic sectors. Restaurants, traditional retailers, and slices of the entertainment industry that rely on in-person audience engagement were throttled during this crisis. However, the e-commerce industry has thrived since the beginning of 2020. Indeed, the pandemic accelerated its growth and led to more people adopting the role of the digital consumer.

Online retail sales hit \$4.2 trillion in 2020. That number is expected to grow above \$6 trillion by 2023. This will be fueled by a growing global middle class and the further adoption of digital commerce channels.

Last May, Grand View Research released its projections for the industry. It predicted that the global e-commerce software market size would grow at a CAGR of 16% from 2020 through 2027. Shopify is going to be in the thick of that industry growth. Moreover, it has eyes on expanding its global reach.

Shopify has its eyes on international expansion

Shopify had broadened its reach among merchants in the late 2010s, which was reflected in the stock price. However, there were concerns that it had failed to appeal adequately to a non-English speaking user base. It sought to correct this issue and expand its international reach in the years ahead.

In 2020, Shopify introduced the ability for merchants to create separate domains for different countries. The personalized experience is designed to make merchants' businesses more relatable. Moreover,

Shopify has also introduced its own custom foreign exchange (FX). This allows merchants to display products in the local currency of its visitors.

The company has its eyes on the Asia-Pacific region as a major opportunity. E-commerce retail sales are projected to be worth more than the rest of the world combined by the middle of this decade. Shopify aims to build stronger links with emerging markets in this region.

This tech stock will soar to new heights

This March, I'd [discussed](#) why young investors should snatch up tech stocks like Shopify. Its growth has slowed down over the past year but still offers fantastic returns in Canada's sparse technology space. The is set to release its second-quarter 2021 results in late July.

In Q1 2021, Shopify unveiled another strong quarter. Total revenue surged 110% year over year to \$988 million. Meanwhile, gross profit jumped 117% to \$558 million. Moreover, adjusted net income was reported at \$254 million or \$2.01 per diluted share — up from \$22.3 million, or \$0.19 per diluted share, in the prior year.

Shopify is poised to deliver strong growth, as the global e-commerce sector is on track for significant expansion this decade. This is a tech stock well worth owning for the long term.

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