



Shopify's Earnings Streak Is Over: Time to Pack up or Buy the Dip?

Description

The e-commerce giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is undoubtedly one of the most favoured [growth](#) plays among investors since its initial public offering (IPO) back in 2015. Indeed, Shopify stock has continued to soar each and every year, providing investors with an extremely compelling long-term thesis on this growth stock.

However, one of the key catalysts of this stock price momentum has been a string of approximately five years of consecutive quarterly earnings beats. That's now over as of this last earnings report.

Let's dive into what that means for investors concerned about the potential for growth slowing for Shopify.

A bump in the road for Shopify

Undoubtedly, it's important to point out that growth has slowed for many hyper-growth stocks this past quarter. Various supply chain concerns have reduced economic activity, relative to demand. While demand remains strong, if companies can't sell their goods, they're going to be less likely to reach for additional avenues of growth right now.

For Shopify, this means adjusted earnings actually came in less than expected for the first time since the company's IPO. Supply chain delays could pull demand forward into Q4, traditionally a strong quarter for Shopify. Accordingly, this earnings report is a difficult one to assess for investors right now.

Despite [dipping approximately 10%](#) following this earnings report, Shopify stock has since rebounded. Indeed, it appears the market appears to be taking the latter view. That is, one bad quarter is likely to be made up in the next one.

Of course, the potential that growth is structurally slowing for Shopify could be a risk investors need to watch. However, this is a company that's shown just how explosive its growth has been through the pandemic. Accordingly, investors appear to be viewing this stock as a highly valued growth play that's worth every penny. This company's business model insulates Shopify from many of the concerns that

may plague other growth stocks in downturns.

Bottom line

Indeed, Shopify's adjusted earnings took a blow due to the company's generous investments in fulfillment network and growth initiatives. These investments brought down the company's operating and net profits. However, in my opinion, Shopify continues to remain a top long-term play for the long haul, considering its opportunities and prospects.

Today, Shopify's platform is one of the most popular ways businesses can transition online. Given the rising importance of e-commerce to the global economy, Shopify has an enviable position in the market right now.

Accordingly, Shopify continues to be a top pick of mine for long-term growth investors looking at Canadian tech stocks right now.

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