



This Is My Top Idea for the Cyber Monday Shopping Surge!

Description

The first Monday following Black Friday is known as Cyber Monday. It is a marketing phrase created by retailers to extend the shopping weekend by another day. This year, Cyber Monday will be on the 29th of November, and one stock that should be on your shopping list is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Canada's largest company in terms of [market cap](#), Shopify is valued at close to \$270 billion. Around 29% of online businesses in the U.S. have a presence on Shopify, making it one of the biggest e-commerce platforms in the world. The company is well poised to benefit from an increase in consumer spending across digital platforms in the upcoming decade. But as the shift towards online shopping has accelerated amid the pandemic, Shopify is one of the top stocks to consider this holiday season as well.

A [Shopify survey](#) that targeted Black Friday and Cyber Monday consumers showed spending is expected to increase by US\$100 this year to US\$787. Around 94% of respondents claimed they will shop online for Black Friday and Cyber Monday, while 65% confirmed they will shop in-store.

During its Q3 earnings call, Shopify's CFO Amy Shapero stated, "Our Shopify Fulfillment Network team has also been heads down preparing for the upcoming Black Friday Cyber Monday shopping weekend, which typically kicks off the busiest shopping period of the year for our merchants, ramping up services at our fulfillment centres."

Shapero added, "In addition, we're educating our merchants on how to optimize their operations in time for the peak selling season while balancing supply chain uncertainties and increased shipping demand through a combination of webinars, blog posts, merchant newsletters and events."

Shopify sales to increase by 97% in 2021

Despite its massive size, Shopify is one of the fastest-growing companies in Canada. Its sales have risen from US\$673 million in 2017 to US\$2.92 billion in 2020, indicating annual growth of 63% in the last three years. After a 86% growth in its top line last year, analysts forecast revenue to almost double year over year to \$5.76 billion in 2021.

Shopify has managed to increase its gross merchandise volume (GMV) to US\$400 billion at the end of Q3 of 2021, up from just US\$200 billion in June 2020. The GMV is basically the total amount spent on the Shopify platform.

In addition to a rapidly expanding addressable market, Shopify should gain momentum on the back of multiple secular tailwinds. This includes an increase in consumer spending and growth opportunities in several other international markets. Around 28% of traffic to merchant stores in Q3 was from international buyers, making global commerce a significant opportunity for Shopify merchants to grow their business.

The verdict

Shopify ended Q3 with a cash balance of US\$7.52 billion in cash and just US\$1.1 billion in debt. This provides the company with enough flexibility to invest in acquisitions, increase marketing spending, or expand its suite of products and solutions.

Shopify expects the commerce market to be impacted by supply chain issues and rising costs in Q4, as it will spend aggressively to attract consumers in the upcoming holiday season. However, the Canadian tech giant expects GMV in Q4 to grow substantially faster compared to the same period in 2020. Wall Street expects Shopify sales to touch US\$1.7 billion in Q4 of 2021 compared to US\$977 million in the year-ago period.

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