



Why Shopify Stock Fell 18% Last Week

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock continues to drop, with an enormous fall last week of more than 18%. The drop in Shopify stock came after an announcement from e-commerce competitor **Amazon** ([NASDAQ:AMZN](#)).

What happened?

Shopify stock dropped 10% in a day after Amazon stock announced a new “Buy With Prime” feature. Unfortunately for Shopify shareholders, the news couldn’t have come at a worse time. The company has seen shares fall further and further in 2022, with the announcement of a stock split not helping matters.

The “Buy With Prime” feature finally addresses what merchants have been complaining about for years with Amazon stock. Furthermore, it adds a feature that made Shopify stock what it is today.

“Buy With Prime” allows merchants to add an Amazon payment method to their websites. Merchants can use Amazon payments and fulfillment options, but still allow merchants to browse their own websites. No longer will customers have to dig through thousands of products to find a merchant. And if shoppers have Amazon Prime, they still receive the fast shipping and benefits of Amazon Prime. All merchants have to do is pay a fee, which has yet to be disclosed.

So what?

Amazon potentially lost out on merchants who didn’t agree to the take-it-or-leave-it agreement to only use the Amazon site to sell their wares. Instead, they went to Shopify, where they could host the company on their own website.

But now, merchants can use Amazon Pay, which should launch later this year, on their websites. This could be enormous for when Amazon has its own stock split later this year, with investors wanting in on the growth in revenue that's sure to come with the recent announcement.

As for Shopify stock, there has been very little coming from management at this time. Beyond the stock split, which is set to take place in June, shareholders seem to be [dumping](#) the stock with no idea what the future holds. Instead, it seems management remains focused on its fulfillment centres, and implementing cryptocurrency into its payment methods.

Now what?

There are still benefits to Shopify stock over Amazon, even with the "Buy With Prime" feature. Most importantly, you can simply add the Amazon Pay feature, but it doesn't give you an entire site. Merchants who need an online presence will still likely go to companies like Shopify, as it helps them build a site and add in features to track data and keep customers coming back.

Furthermore, analysts believe the company may be "economically sensitive," but, long term, there is still bound to be growth for investors. The volatile market makes Shopify stock a volatile company to purchase, but, at these levels, it could be a solid buy now, or, at the very least, after the stock split in June.

When sales improve, which they should in 2023 and beyond, the economy should improve as well. While growth won't necessarily be in those triple digits, as they were in the past, analysts remain confident there will be sustainable growth for [long-term investors](#). So, that's certainly what investors should consider when looking at Shopify stock today.

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