Buy This Stock for Long-Term Growth

Description

The market is thankfully stuttering towards the mid-way point of 2022. As strange as its sounds, there hasn't really been anything normal about the market in the past two years. The pandemic has disrupted every form of business, leaving investors questioning which stocks to buy for long-term growth.

Fortunately, market volatility has exposed an intriguing opportunity for investors. Several stellar growth stocks are now heavily discounted, despite offering solid long-term growth opportunities.

Here's one stock that investors should consider.

Growth comes in all forms

It would be nearly impossible to talk about a list of growth stocks and not mention **Shopify** (TSX:SHOP) (NYSE:SHOP) The e-commerce titan has had a truly dismal year. In fact, the tech stock is down a whopping 74% year to date.

So, then what if anything makes Shopify a good buy for long-term growth? There are actually a few reasons for prospective investors to consider.

First, let's talk about results. In the most recent quarter, Shopify saw revenue jump 20% to US$1.2 billion. Over the course of the past two years, that CAGR comes in at 60%.

Drilling in deeper, Shopify's monthly recurring revenue saw a 17% year-over-year improvement to US$105.2 million. The company's subscription solution business also reported handsome gains of 8% year over year, coming in at US$344.8 million.

When the pandemic disrupted everything two years ago, Shopify storefronts became ways for some businesses to remain open and generate revenue. This led to the surge in e-commerce and, by extension, Shopify's stock taking off.

Much of that e-commerce love has now evaporated. Consumers are (mostly) returning to stores, wary about rising inflation. As a result, Shopify's stock has tumbled back to its pre-pandemic price.

Long-term growth is still there

Shopify's stock dropping shouldn't be interpreted to mean it isn't a good buy right now. In fact, it could be the opposite.

Yes, Shopify's stock has tumbled, but the opportunity as a driver of long-term growth remains high. The company noted it expects revenue growth to pick up in the second half of the year. This dovetails nicely with the fact that businesses continue to return to somewhat normal operations.

To put it another way, despite that pullback (which was expected and is arguably now priced in), Shopify is still a great buy for long-term growth. The company boasts a strong business, a path to growth and an appetite to expand.

A prime example of both growth and expansion is Shopify's recent acquisition of Deliverr. Deliverr is a logistics company, specializing in packing e-commerce orders. To put some context into the volume, Deliverr distributes over a million orders each month.

This acquisition will add an important cog to the Shopify machine and continue to make it easier for Shopify subscribers.

Finally, let's talk about the upcoming stock split. The approved 10-for-1 stock split won't create any value. What it will do, however, is allow smaller investors to enter the market at a lower price point.

Considering the long-term potential of the stock, that may be reason enough for investors to jump on for the ride back up.

Final thoughts

No investment is without risk, and that includes Shopify. Could the stock still head lower beyond the near 75% it's shed already? Sure. But Shopify could also take off and start pushing upwards again.

In my opinion, there's plenty of upside in buying Shopify at its current level as part of a larger, well-diversified portfolio. This is particularly true for investors looking to buy for long-term growth in mind.

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