1 Beaten-Down Tech Stock You'll Be Happy You Own in 2032

Description

Macro weakness and uncertain economic trajectory have lowered investors' risk appetite in 2022 and led to massive selling in tech stocks. Given the selloff, most TSX tech stocks are back at levels where they were two to three years back.

However, as tech stocks have fallen quite a lot, they appear attractive on the price front. However, not all tech stocks are worth investing in. Investors should consider companies with a proven business model, strong fundamentals, and the ability to bounce back sharply, as the operating environment improves.

Against this backdrop, if I could choose one tech stock, I would invest in **Shopify** (TSX:SHOP)(NYSE:SHOP) near current levels and hold it till 2032. Let's consider the reasons behind my optimism and see why this tech stock could beat the broader market averages by a significant margin over the next decade.

Shopify poised to capitalize on the digital shift

Shopify's growth moderated in 2022, as it lapped tough year-over-year comparisons in the first half. Further, the reopening of retail locations and shift in consumers' spending patterns weighed on its performance.

Shopify delivered soft Q1 performance. Moreover, Q2 numbers could moderate further. However, these negatives are already priced into the stock. Meanwhile, Shopify faces easier comparisons in the second half of 2022, which will likely provide some respite.

Shopify is well positioned to capitalize on the structural shift in selling models towards omnichannel platforms through its aggressive investments in sales and marketing, e-commerce infrastructure, and new commercial initiatives.

These investments will fortify its offerings, expand its addressable market, and drive the penetration of its products.

This internet commerce platform provider is launching its existing products to new geographies. Moreover, it is doling out new features for merchants. Additionally, Shopify is focusing on growing the uptake of payment offerings and is solidifying its fulfillment network.

Shopify announced the acquisition of Deliverr, which will further strengthen its fulfillment. Moreover, Shopify is partnering with top social media companies to add more high-growth sales and marketing platforms for its merchants.

Overall, its investments in POS, fulfillment, and product development bode well for growth. Also, opportunities in the international market will likely support its growth.

Bottom line

The weak macro environment, pressure on consumer spending, and tough competition will likely hurt Shopify's near-term financial and operating performance. Moreover, Shopify's continued investments in growth initiatives will pressure its margins in 2022. All these indicate that Shopify stock could stay range bound in the short term.

However, in the long run, Shopify's solid fundamentals and multiple growth catalysts will power its stock to its previous highs. Shopify stock has erased all of its pandemic-led gains and is down more than 81% from the 52-week high. Due to this massive decline, Shopify is trading at a forward EV/sales multiple of 5.7, which is at a five-year low. Shopify's low valuation creates an opportunity for buying and holding its stock for the long term. It has all the right mix to deliver market-beating returns in the coming years.

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