



1 Beaten Down Tech Stock You'll Be Happy to Hold in 2032

Description

A bull market is like a rising tide as several stocks trade at a steep multiple. However, when the tide ebbs, stock valuations nosedive. But a market-wide sell-off provides investors with an opportunity to buy the dip as companies become available at a bargain.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is one such beaten-down tech stock. Its price has been battered in 2022 and shares are down almost 70% year-to-date.

The COVID-19 pandemic acted as a tailwind for Shopify, but the company's growth rates are expected to decelerate in 2022.

Despite the near-term underperformance, let's see why this Canadian [tech stock](#) should be part of your shopping list right now.

Shopify has huge growth potential

While Shopify's sales are lower than expected in 2022, the company is part of a rapidly expanding addressable market. The percentage of shopping that is now done online across the globe is steadily rising. In fact, global e-commerce sales are expected to hit \$5.5 trillion in 2022. And that's where Shopify's services are a perfect fit.

Shopify makes it easy for small businesses to set up an online shop and start selling. It provides everything that a new business needs from a customizable website to payment processing to shipping. It even provides customer management tools.

In fact, demand for Shopify's services had grown so much during the pandemic that freelancing sites saw a massive uptick in searches for categories like "Shopify website builders." Yes, right now, the online business trend has slowed, but the world continues to move online.

Shopify accounts for 10% of total sales in the U.S. online market and is second only to **Amazon**. When you consider that 14.3% of total sales in Q1 throughout the U.S. were online, you get an idea of

Shopify's growth potential.

The Deliverr factor

A key factor that will drive Shopify's growth over the next few years is its focus on fulfilment. Shopify recently acquired logistics company Deliverr for US\$2.1 billion. "Together with Deliverr, Shopify Fulfillment Network will give millions of growing businesses access to a simple, powerful logistics platform that will allow them to make their customers happy over and over again," said Shopify CEO Tobias Lütke.

Deliverr could be the next major catalyst for Shopify if the company can integrate and simplify supply chain processes for its customer base of more than two million.

What next for SHOP stock and investors?

While Shopify has burnt massive investor wealth in 2022, it has returned over 1,200% to shareholders since its IPO in May 2016. SHOP stock is trading at a price-to-sales ratio of 8.8, which is significantly lower than its 5-year average ratio of 22.6. It's the lowest price-to-sales ratio since Shopify went public.

Shopify stock is currently trading at \$48, and the average 12-month target price for the stock is around \$97, a potential upside of over 100%.

Shopify continues to widen its portfolio of products and services, encouraging customer spending in the process. Going forward, there's a good chance that Shopify may replicate its historical gains, given the company is well-poised to gain traction in the e-commerce market.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. agraff
2. araghunath

Category

1. Investing
2. Tech Stocks

Date

2025/07/04

Date Created

2022/07/27

Author

araghunath

default watermark

default watermark