



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

### Description

For investors with a long-term perspective, which, in my opinion, should be every investor, a slight decrease in price is generally thought of as an attractive opportunity. It allows an investor to accumulate shares at a discount. However, investors often start to worry when they see stocks fall 30%, 40%, or even more. That's an interesting situation since if it were any other item that you could buy, consumers would generally jump at an opportunity to take advantage of a major discount.

Today, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) trades more than 70% lower than its all-time highs. The stock's recent 10-for-1 stock split also seemed to have no positive effect on investor sentiment. With that said, many investors remain hesitant to buy shares of this company. However, I think it's a beaten-down stock that you should heavily consider buying today. In this article, I'll discuss why I think Shopify is a tech stock that you'll be happy to own in 2032.

### What are the negatives about Shopify?

Let's get the negatives out of the way. Shopify, like many other [growth stocks](#) around the world, started to see a significant decrease in value once interest rates began to rise. This was expected, as higher interest rates make it more difficult for companies to borrow money and fund growth.

In addition, the company's growth rate seems to have decelerated significantly. In Q2 2022, Shopify reported a 16% year-over-year increase in its quarterly revenue. This compares to the 57% year-over-year increase in the same quarter in 2021. This is another expected trend, as larger companies tend to see slower growth than smaller companies. This is due to the law of large numbers.

Finally, there's the issue of Shopify laying off about 10% of its workforce. Shopify's CEO, Tobi Lütke summarized the event as a mistake on the management's part. The company made a bet that the global e-commerce growth rate would continue to accelerate after the pandemic. Instead, we've seen it decelerate to growth rates seen before the pandemic.

## Here's why you should buy this stock today

With those negatives in mind, let's take a look at why investors should continue to buy shares of Shopify despite those things. First, the issue with interest rates will come and go. As companies start to adapt to the current economic environment, earnings should return. As a result, investors could start to see growth stocks positively again in the near future. In addition, as inflation slows down, we could see a decrease in interest rates in the future, creating even more favourable environments for growth stocks.

Regarding the issue of Shopify's growth rate, the company continues to grow albeit at a slower rate. Over the past five years, Shopify's monthly recurring revenue (MRR) has grown at a compound annual growth rate of 35%. Over that period, the company has also never seen a decrease in its MRR, which is an impressive feat.

I believe Shopify's formidable market share will allow it to continue growing alongside the global e-commerce industry. In the United States, which represents the world's second-largest e-commerce market, Shopify holds a 10.3% share. That puts it behind only **Amazon** in that regard.

Shopify has also well positioned itself to attract more consumers to its platform than ever before. Today, the company has enterprise partnerships with the likes of **Walmart**, **Spotify**, **Meta Platforms**, and [YouTube](#). This makes it much easier for Shopify merchants to sell their products, which could result in a boost to Shopify's total volume. Because Shopify charges merchants with a percentage from each sale, a higher total volume on Shopify's platform should result in greater revenues for the company.

## Foolish takeaway

There's no doubt that Shopify's facing multiple headwinds today. However, this founder-led company is well positioned to succeed in the future. If the company can continue to execute its mission to make commerce better for everyone (merchants and consumers alike), then its stock could be worth a lot more in the future. I believe Shopify's a stock that investors would be happy to own in 2032.

### CATEGORY

1. Investing
2. Tech Stocks

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