



Could Investing in Shopify Stock Help Make You a Millionaire?

Description

Since its [initial price offering](#) (IPO), **Shopify** ([TSX:SHOP](#)) has been one of the most followed companies in Canada. At one point, it even became the largest company in the country (by market cap). Along the way, many investors were able to cash in on tremendous returns. However, this stock has fallen significantly since reaching those heights. In fact, as I write this article, Shopify stock trades about 80% lower than its all-time high.

With that in mind, should investors continue buying this stock? Is there still growth potential here? Do I think Shopify stock could help make you a millionaire? I'll tackle all these questions in this article.

E-commerce at a glance

Over the past decade, online retail has slowly increased its penetration of the broader retail industry. This penetration saw a massive acceleration in 2020 due to the COVID-19 pandemic. During that time, as many of you may remember, in-person shopping was nearly non-existent due to the widespread restrictions that were implemented in hopes of slowing the spread of the COVID-19 virus. In response, retailers needed to optimize their online stores in order to attract more consumers.

Many retailers have chosen Shopify to power their online stores. This includes many big names, including **Netflix**, **Heinz**, Staples, and Gymshark, among many others. This customer list speaks to the value of Shopify's platform. In fact, investors need only to look at **Figs** to see how crucial Shopify's platform could be for a business.

In 2013, Figs launched its business using a standard Shopify plan. Three years later, the company was large enough to use Shopify's enterprise-level Shopify Plus plans. Last year, Figs made headlines around the financial world for being the first Shopify store to IPO in the United States. Within a span of eight years, Shopify's platform helped this startup grow into a public company worth more than US\$1.1 billion. With e-commerce forecasted to continue growing in the coming years, we could see many more of these kinds of stories popping up in the future.

What's the deal with Shopify?

Of course, Shopify stock doesn't come without risks. In fact, this year has proven to be one of the more difficult years in recent history for this company. Over the summer, Shopify announced that it would be laying off 10% of its workforce. The company then shed its workforce again by about 1% in the months following the massive exodus. These layoffs were due to the tough economic environment that Shopify faced, with e-commerce growth worldwide slowing down relative to previous estimates.

Despite those issues, Shopify has managed to remain a leader in the industry. In [the third quarter \(Q3\) of 2022](#), Shopify reported \$1.4 billion in revenue. This compares to a quarterly revenue of \$1.1 billion in Q3 2021. More importantly, Shopify reported nearly \$682 million in profit for the quarter compared to \$616 million of profit in the year prior. In my opinion, Shopify's financials remain intact and should appeal to investors.

Can this stock make you a millionaire?

I firmly believe that Shopify stock could return to its previous heights and potentially even surpass those levels in the future. In order to reach its previous all-time high, Shopify stock will need to see a return of nearly 5X. That means investors will have to invest at least \$200,000 to see their position grow into \$1 million.

This is a very ambitious goal, and could be difficult for the company to execute given the [current economic environment](#). However, even if it doesn't reach those levels over the next decade, I believe investors could still see great returns over the coming years.

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