



Why Investors Shouldn't Give Up on Shopify Just Yet

Description

E-commerce giant **Shopify** ([TSX:SHOP](#)) is a company with a business model aimed at re-shaping the e-commerce space. This company services many top retail businesses, providing a platform that allows for e-commerce growth and an improved online presence. However, as the pandemic has faded, so too has the company's [growth](#) prospects. Accordingly, this is a company that's [down a whopping 65%](#) on a year-to-date basis alone.

Now down nearly 80% from its all-time high, many investors are drifting away from the stock. If you are investor in SHOP stock thinking of doing the same, now may not be the best time for such a move. This may actually be an excellent buying opportunity, and here's why.

Shopify is a long-term holding

When the market turned bearish this year, many investors pointed to the macroeconomic turmoil that's taken place as a reason for this dramatic downturn. Naturally, the macro environment has an impact on Shopify's international business. However, surprisingly, Shopify's international segment actually turned out to be a big positive for the company this past quarter. This segment brought in revenue of more than \$1.4 billion for the third quarter. This translates into a year-over-year increase of 22%.

Shopify's goal is to change the face of commerce. It has helped several retail businesses leverage their growth. Now, with its POS Go system, Shopify is helping retail business owners check out from anywhere inside their stores. This fully integrated mobile point-of-sales system will offer customers seamless store checkout.

The e-commerce sector will not lose its relevance or importance in the long term, despite shoppers transitioning back to the "old-fashioned" ways of the past. Offline retail has gained back market share, but Shopify continues to be a leader in the e-commerce space. Accordingly, this company is one with among the most robust fundamentals of its e-commerce growth stock brethren.

The company's third-quarter performance is quite impressive and promising, and despite slowing growth, I think Shopify's fundamentals look strong. It's important to remember that Shopify is coming

off of a pandemic-driven boom, so the base effects of higher sales last year have impacted the company greatly in 2022.

Bottom line

Shopify has always found ways to leverage the company's high-growth model. I think over time, this is a company that's well positioned to continue innovating toward a brighter future.

While the outlook right now may remain dim, there's plenty to like about long-term upside driven by secular growth in the e-commerce space. In this realm, Shopify is likely to be a long-term winner. Accordingly, at this improved valuation, it's a stock I think is worth buying, not selling, here.

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