



## 3 Threats Shopify Inc (TSX:SHOP) Will Need to Watch to Maintain Its Online Dominance

### Description

Make no mistake about it, **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) has certainly done well for itself (and its loyal shareholder base) since coming to market with an IPO in 2015 at \$35 per share on the **TSX**.

Those who were fortunate enough to get in on that [IPO \("Initial Public Offering"\)](#) would have seen the value of a \$10,000 investment grow to a little more than \$126,502 today.

Now, that's a lot of moolah.

But at the same time, first-mover advantages only last for so long.

If Shopify's leadership team hopes to continue on its current trajectory of dominance within the e-commerce space, here are three things that they ought to be on the lookout for.

## Significantly more consumers still prefer buying in-store than online

Despite the fact that the number of online shoppers (and online merchants) continues to grow ([and grow quite rapidly, mind you](#)) even Shopify's own internally conducted market research suggests that ultimately, significantly more buyers would prefer to make their final purchases in-store, rather than online.

While there are certainly some key markets that online commerce tends to favour, and while many shoppers do prefer to spend considerable time researching a purchase online before eventually buying in-store, the latest research also appears to suggest that traditional brick-and-mortar retail isn't likely to be going anywhere anytime soon.

## Social media drives brand discovery, but it's not where buyers ultimately transact

I think there could be real opportunity for a potential competitor to emerge and carve out a niche for itself in the e-commerce space.

We know that whether it's **Facebook**, **Twitter**, or even more recently, **Snap Inc**, the number of users on social media continues to grow.

Yet Shopify's latest research suggests is that while social media continues to prove to be a valuable source of brand awareness and discovery, it's not a place where many online shopping transactions are occurring

Instead, I would imagine that would-be shoppers are directed from a brand's social media page to their online storefront, where a purchase is made.

But if so much of Shopify's success can be attributed to the ease of which its online shoppers are able to navigate from landing page, to purchase, to checkout, then why can't the same be done for social media?

## The battle for brand loyalty

The last point, which also happens to be one of the single biggest takeaways from Shopify's first ever "State of Commerce" report is that, increasingly, the battle of e-commerce is evolving into a battle for brand loyalty.

SHOP's research suggests that over 50% of buyers purchased at least two or more times from the same store last year, while each buyer was responsible, on average for 3.8 purchases from each store.

Repeat buyers are obviously cheaper for merchants to attract and retain, meaning that going forward it will be more important for Shopify than ever to protect and maintain its current leadership position.

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## **Date**

2025/07/01

## **Date Created**

2019/07/27

## **Author**

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