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ENSG	76.17	2.41%
IDXX	485.52	1.62%
HEI	133.09	1.16%
MA	340.33	1.02%
ANET	287.72	0.82%
CTAS	354.35	0.67%
CMG	1,418.57	0.63%
DPZ	396.71	0.39%
BCPC	113.12	-0.47%
CNSWF	1,286.73	-0.51%
BRK.A	337.9K	-0.56%
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HSIC	67.78	-1.61%

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Shopify: Every Growth Picker's Dream Beset By Heady Valuations

Dec. 14, 2020 10:46 AM ET | 51 comments | 10 Likes | About: Shopify Inc. (SHOP), Includes: AMZN, BIGC, WIX

AlphaTech Equities
Growth, Tech, Internet, Software

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Summary

- We initiate coverage on Shopify with a "Neutral" rating and a price target of $985 which is 7% below its current share price of $1,063.
- Shopify has a best-in-class track record of growth, recording revenue CAGR of 67% over 2015 - 2019.
- The platform benefits from secular growth in e-commerce, strong industry positioning, robust balance sheet and long runway of growth.
- However, significant risks remain, one of which involves successful vaccine rollout in 2021, meaning growth trajectory may be non-linear over the next 12 to 24 months as consumers increasingly go back to shop at brick-and-mortar businesses.
- Valuations remain rich with the stock trading at EV/Rev NTM of 32x, up from an average of 22x in the year preceding the pandemic.

Investment thesis - Shopify: Every growth picker's dream beset by heady valuations

We see Shopify (NYSE:SHOP) as the best-in-class, SaaS based, e-commerce retail platform, enabling SMBs and more recently larger corporates to set up and scale their online businesses swiftly. The platform accounted for 5.9% of total e-commerce sales in the US, behind only Amazon at 37% of market share in 2019. Shopify benefits from secular growth in e-commerce, strong industry positioning, robust balance sheet, impressive management, and a large TAM, affording it a long runway of growth. In addition to being exposed to the strong secular growth of e-commerce, the platform enjoys multiple levers of growth, posting an impressive revenue CAGR of 67% over 2015-2019. Share prices have duly followed suit, up 6,153% since its IPO in May 2015. We rate the management highly, with CEO and Founder Tobias Lütke, spearheading its best-in-class growth print and boasting a strong track record of adding new merchants (now standing at 1.5m according to our estimates), growing third party sellers on its platform and launching new products to increase monetization. However, multiple risks remain for Shopify, one of which involves a successful vaccine rollout in 2021, meaning growth trajectory may be non-linear over the next 12 to 24 months as consumers increasingly go back to shop at brick-and-mortar businesses. Re valuations, we see the stock fully priced with EV/Rev NTM multiple climbing to 32x versus an average of 22x in the year preceding the pandemic. We initiate coverage on Shopify with a price target of $985 or 7.3% lower than its current share price of $1,063 and a "Neutral" rating.

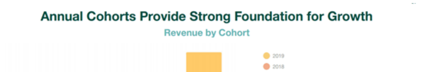
Company overview

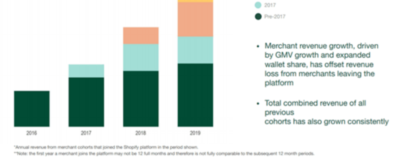
Originally set up to help SMBs launch a website back in 2004, Shopify has morphed to provide multiple e-commerce solutions including selling, payment processing, managing, tracking and shipping inventory in one easy to use package. More recently, in 2014, Shopify started to onboard larger corporates with the launch of its Shopify Plus program, allowing these firms to use Shopify to facilitate their enterprise software at a much lower price than its legacy systems, with several added perks including such as 24/7 tech support and strategy guidance from e-commerce experts.

Breaking down Shopify's flywheel

Deciphering multiple levers of revenue growth

Shopify benefits from three levers to grow its revenue which has increased 67% CAGR between 2015 to 2019. Chart below captures how these three engines of growth led to capturing more sales growth by cohort.





- Merchant revenue growth, driven by GMV growth and expanded wallet share, has offset revenue loss from merchants leaving the platform
- Total combined revenue of all previous cohorts has also grown consistently

*Annual revenue from merchant cohorts that joined the Shopify platform in the period shown.
**Note: the first year a merchant joins the platform may not be 12 full months and therefore is not fully comparable to the subsequent 12 month periods.

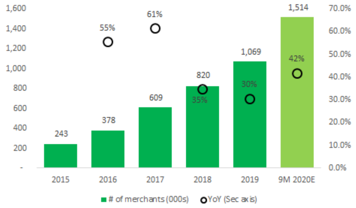
The three levers of growth for Shopify which we discuss in greater detail are...

1. Grow merchant base (Strong track-record of acquiring merchants)
2. Grow merchant revenue
3. Increase revenue per merchant by upselling new products and offerings

1. Strong track-record of acquiring merchants

Shopify has a stellar record of acquiring new paid merchants on its platform growing at c. 44% CAGR over the past five years. We estimate the number of paid merchants using its platform stands at c.1.5m at the end of Q3 2020 up from only 243K in 2015. Even though YoY growth in merchant acquisitions was declining pre-pandemic from 61% in 2017 to 30% in 2019 (See figure below), the onset of pandemic has seen number of merchants increase by our estimates by 42% YTD ending Q3 2020.

Shopify continues to acquire new merchants at a stellar pace

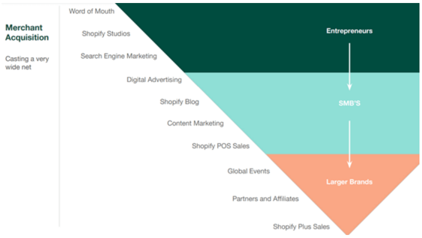


Source: Shopify Annual and Quarterly reports

Merchant acquiring strategy

Shopify is laser-focused on increasing awareness of its offerings to increase merchant acquisitions. Shopify uses advanced data and analytics to increase acquisitions and continues to innovate and test new ideas to drive growth. It uses several digital marketing strategies to sign up new merchants including organic and paid search. It also focuses on content marketing, operated its own blogs, podcasts and video content via Shopify Studios, eBooks, and other free tools. To increase awareness of its product offerings re its offline marketing strategy, it primarily focuses on trade shows and local events.

Digital marketing blueprint focused on merchant cohorts

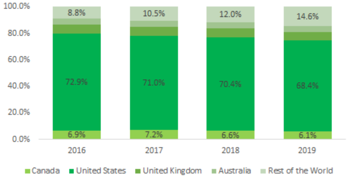


Source: Q3 2020 Presentation

In addition to its direct marketing channels to increase referrals, it also leverages relationships with third-party developers, influencers, agencies, and freelancers. In 2019 alone 24,500 of its partners have made merchant referrals to Shopify.

International expansion: Shopify continues to expand globally translating its platform into multiple new languages every year and sees its platform being used in 20 different languages. Rest of the world (ROW) revenues accounted for 15% of total sales in 2019 vs.9% in 2016. Shopify continues to increase product offerings to international clients including payment processing, its highest revenue generator.

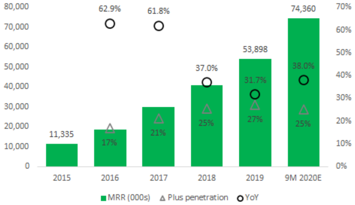
ROW accounted for 15% of 2019 revenues up from 9% in 2016



Source: Company financial reports

Focus on adding larger merchants: Whilst it continues to attract SMB merchants, in 2014, Shopify started to onboard larger corporates. The launch of its Shopify Plus program allowed larger corporates to use Shopify's platform to facilitate their enterprise software at a much lower cost than legacy systems. Dubbed as Shopify Plus, an enterprise ready, white glove e-commerce solution it has grown swiftly to include well known clients such as Tesla, Nestle, GE, Red Bull and Kylie Cosmetics who make up approximately 2,500 Shopify Plus merchants. Shopify Plus is designed for corporates not already on Shopify who are aiming to migrate from their expensive and complex legacy solutions with the aim of deriving more functionality. This service comes with several added perks, such as 24/7 tech support and strategy guidance from e-commerce experts. Shopify continues to invest in building an outbound sales team to acquire larger merchants.

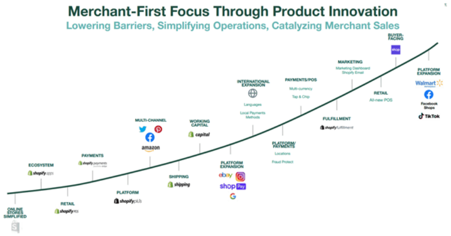
Shopify Plus has grown to account for almost 25% of total MRR in Q3 2019, up from only 17% in 2016



Source: Company financial reports

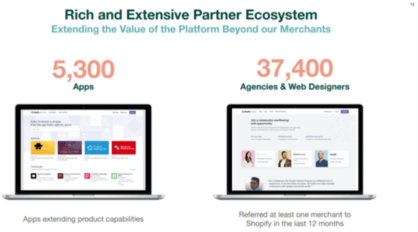
2. Grow merchant revenue: Growth of merchant business has been an important lever of growth for Shopify as it makes additional revenues, especially within its Merchant Solutions division which is derived from the volume of sales generated by merchants. Historically, Shopify has always onboarded clients early in their life cycle of selling online and has benefitted from the fast growth of these businesses. As merchants grow, they process more payment transactions, upgrade plans, broaden sales channels, increase shipping volumes and use additional features offered by Shopify increasing revenue per merchant for the platform.

3. Increase share of wallet by upselling more products and features: Shopify has built a platform allowing to add features which reflect the swift changes of technologies in the marketplace. It continues to add new functionalities to its platform increasing monetization of the platform. Shopify launched Shopify Payments in 2013 which constitutes majority of its revenue today. Shopify Payments allows merchants to benefit from low credit card processing rates and enables Shopify to cross-sell additional products to its merchant base. Shopify launched its Shipping services in 2015, allowing merchants to print postage labels and ship products at lower prices directly through its platform. The chart below portrays the speed of innovation and the success of Shopify in launching new products.



Source: Q3 2020 Presentation

In addition to adding new products to increase share of its merchant's wallet, Shopify continues to grow its ecosystem of third-party theme designers, app developers, and other partners that enhance its platform functionality. The ability of third-party players to use APIs and connect to the platform has made it easy for Shopify to continue to grow this ecosystem of external partners. Currently, Shopify has 5,300 apps available in the Shopify App Store and the growing ecosystem of both merchants and app developers gives it a strong network and scale effects and adds to the stickiness of its products.


Rich and Extensive Partner Ecosystem
Extending the Value of the Platform Beyond our Merchants
5,300
Apps
37,400
Agencies & Web Designers
Apps extending product capabilities
Referred at least one merchant to Shopify in the last 12 months

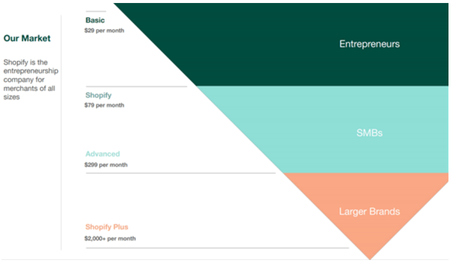
Source: Q3 2020 Presentation

Breaking down Shopify's Revenue Engines

1. Subscription Solutions (41% of 2019 revenue)
2. Merchant Solutions (59% of 2019 revenue)

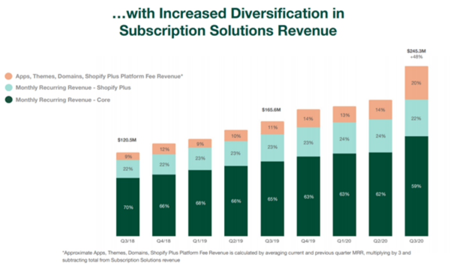
Subscription Solutions (41% of 2019 revenue)

Shopify's subscription revenues comprise numerous subscription plans to its platform. Subscription revenues start from the basic access to its platform for $29/month all the way to its Shopify plus subscription plan for corporates at $2,000/month which includes additional functionality, and scalability along with a dedicated sales representative for each client. Subscription plans are typically signed on a monthly rolling basis with only some of its clients on a six-month or an annual plan.



Source: Q3 2020 Presentation

Additional subscription solutions revenues are generated by the sale of themes, apps and registration of domain names. This now accounts for c. 20% of total subscription revenue in Q3 2020, up from only 9% two years ago in Q3 2018. Shopify also generates subscription solution revenues from variable platform fees derived from merchant's volume of sales on its platform.



Source: Q3 2020 Presentation

Merchant Solutions: (59% of 2019 revenue)

Shopify's Merchant solutions segment has increased rapidly over the past five years accounting for 59% of total revenues in 2019 vs. only 45% in 2015 (Figure below). Complementing its subscription solutions, Shopify's Merchant Solution segment includes additional revenues generated from services enabling merchants to accept payments, shipping, fulfilment and securing working capital among others, all of which we lay out in greater detail below...

Shopify Payments: A fully integrated payment processing service enabling merchants to accept and process payment cards, both, online and offline and designed to drive higher retention among merchant subscribers. For subscription plans where merchants do not sign up for Shopify Payments, Shopify typically charges a transaction fee based on a percentage of Gross Merchandise Volume ("GMV") processed.

Shopify Shipping: Allows merchants to buy and print shipping labels and track orders directly within the Shopify platform.

Shopify Capital: A merchant cash advance program to help eligible merchants secure financing and accelerate growth of their business by providing access to simple, fast, and convenient working capital funding.

Shopify Point of Sales (POS): Along with the necessary POS hardware, this also includes a mobile application that lets merchants sell their products in a physical or retail setting.

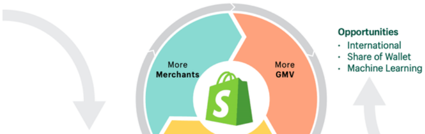
Shopify benefits from Strong Industry Positioning

Shopify benefits from strong network effects as we estimate that it has close to 1.5m merchants on its platform at the end of Q3 2020, up ~6x from only 243K in 2015. Shopify also benefits from high level of stickiness as once the merchants have set up their website on the platform and begin using additional features, making it increasingly challenging for them to jump ship onto a different platform given the re-education needed to set up the website on a new platform. Shopify's focus on adding new technologies quickly and focusing and building a cutting-edge platform built for scalability means larger corporates can easily migrate onto its platform and significantly reduce costs associated with running independent legacy systems. Given its SaaS based fees, the total cost of using the platform is typically a small component of merchant's overall cost structure. This is one of the most important levers that we feel Shopify and similar companies can pull in the future to increase both revenue growth and profitability as the industry matures.

Multiple Catalysts remain in play

COVID-19 impact continues to shift the needle in favor of e-commerce

The primary driver for Shopify's recent exponential growth has been the pandemic and the increased adoption of e-commerce as the go-to medium for retail shoppers around the globe. E-commerce now accounts for 16% of total retail sales in the US which we expect to climb to 27% by 2030 (See Figure above). Similar trends during previous turbulent economic times have unfolded. Case in point being the 2008 financial crisis where higher unemployment rates led to an increase in self-employment with many choosing to go down the path of entrepreneurship and building their online businesses.

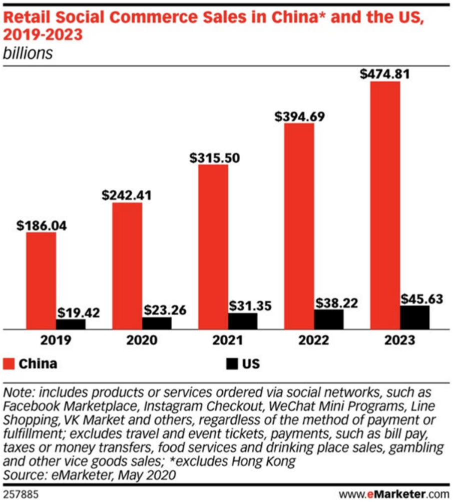


Secular Tailwinds
Rise of self-employment
E-commerce growth
Consumerization of the enterprise
More Channels, Partners & Capabilities

Source: Q3 2020 Presentation

Partnering to drive commerce on social media platform

Shopify recently entered into deals with social media giants, Facebook and TikTok, allowing users of these social media platforms to complete direct checkout within the app. This form of social commerce has seen significant growth in China driven by apps such as WeChat and Kuaishou. According to eMarketer in-app sales of social media commerce is expected to grow at a 26% CAGR between 2019 to 2023 to $475bn in China. In the US retail social commerce sales currently stands at $20 billion in 2019 and is expected to grow at 23% CAGR to $46bn by 2023. This underscores the long runway of growth for Shopify which will enable its roughly 1.5m merchants to directly sell on these high-traffic social media platforms.



*Note: includes products or services ordered via social networks, such as Facebook Marketplace, Instagram Checkout, WeChat Mini Programs, Line Shopping, VK Market and others, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments, such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; *excludes Hong Kong*
Source: eMarketer, May 2020

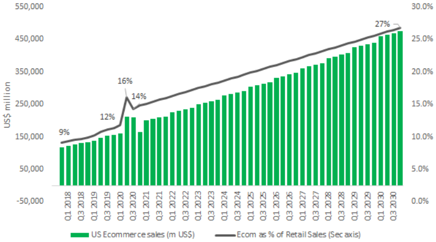
Source: eMarketer May 2020

Secular growth in e-commerce benefited from the pandemic

Pandemic accelerates structural growth of E-commerce

The spread of the pandemic has accelerated the penetration of e-commerce in Q2 alone by three to five years. The penetration or the diffusion rate of e-commerce in Q2 2020 increased to 16% from 12% in Q1 2020, a 400bps change vs. 20 to 50bps historical change per quarter. (Figure below). In Q3 2020, despite the reopening of the US economy, E-Commerce sales jumped 37% YoY and its penetration stood at 14.3% or 250bps higher than before the economy went into lockdown.

E-commerce penetration accelerated by almost two to three years in a single quarter driven by Stay-at-Home measures



Source: US Census Bureau and AlphaTech Equities

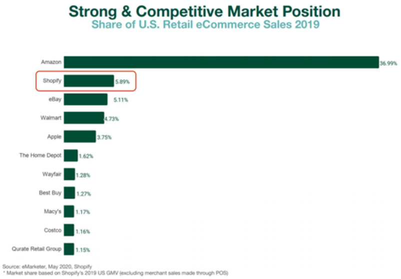
We see the growth in e-commerce penetration as sustainable

Please see our section on our view of the permanence of e-commerce penetration in our initiation coverage report on PayPal here: (Link here)

Shopify is the second largest e-commerce player in the US

Currently, US constitutes 59% of Shopify's total revenues in 2019. In terms of

GMV (Gross Merchandise Value), Shopify is the second largest retail e-commerce player in the US accounting for ~5.9%, behind only Amazon (NASDAQ:AMZN) which accounted for 37.0% of total US e-commerce sales in 2019.

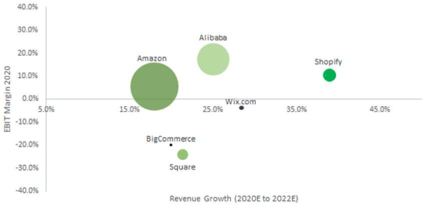


Source: Q3 2020 Presentation

Shopify fares well on our e-commerce revenue growth vs. EBIT margin matrix

Shopify is expected to grow the fastest amongst all e-commerce comparables, also boasting of a positive operating income margin in 2020 in line with giants, Amazon and Alibaba (NYSE:BABA).

Shopify is in a league of its own on forecasted revenue growth



Source: AlphaTech Equities and Marketscreener

Shopify faces multiple risks over the short to medium term

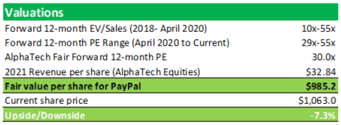
Earlier than expected rollout and efficacy of vaccine

Whilst a successful vaccine will be a relief for the global economy, Shopify falls under the category of STH (Stay at Home) stocks which has benefited significantly from the retail move to e-commerce. Shares in Shopify declined ~10% following initial reports of a COVID-19 vaccine. Whilst we remain confident in the permanence of the move to e-commerce globally, Shopify is exposed to a temporary impact on its revenue growth as consumers go back to physical retail. Whilst the growth for pure-play e-commerce players such as Shopify over the next six to 12 months will be non-linear, we monitor this risk closely as the vaccine is rolled out in the US and globally.

Future investments to drive incremental monetization may not be as successful

Shopify has a stellar track record in adding new merchants and bringing to market successful incremental revenue generating products. Payment processing service and Shipping services have proven to be successful for the company. Shopify continues to invest heavily in R&D and developing new products - investments which may not bare the same level of results as they did historically, impinging on revenue growth going forward.

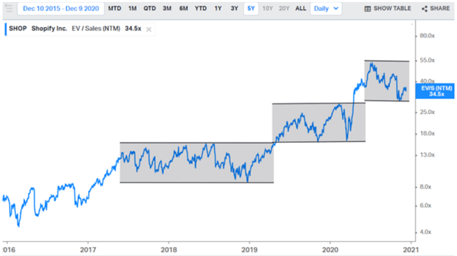
Valuations remain punchy



Valuations	
Forward 12-month EV/Sales (2018- April 2020)	10x-55x
Forward 12-month PE Range (April 2020 to Current)	29x-55x
AlphaTech Fair Forward 12-month PE	30.0x
2021 Revenue per share (AlphaTech Equities)	$32.84
Fair value per share for PayPal	**$985.2**
Current share price	$1,063.0
Upside/Downside	-7.3%

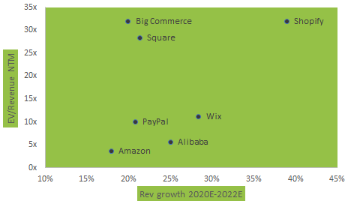
Source: AlphaTech Equities

According to our 2021 Revenue estimate, Shopify is currently trading 32x NTM EV/Revenue ratio. Historically, between 2018 and mid-way to 2019, Shopify had traded within a band of 10x and 13x EV/Rev multiple. Even from 2019 to the start of the pandemic, Shopify traded at a premium to its historical valuations of EV/Rev NTM in the range of 16 to 28x. The onset of the pandemic saw Shopify's revenue growth accelerate and given that the company was classified as a STH stock, EV/Rev NTM multiples jumped to trade in a new band of 30x to 54x which we see as unsustainable over the long term. We believe a current 30x multiple to be fair given the exit from the pandemic could make it difficult for Shopify to record its previously stellar revenue growth as consumers start to go back to shop at brick-and-mortar retailers. With a fair value of 30x EV/Rev NTM multiple, we arrive at a valuation of $985 which is 7.3% lower than its current share price of $1,063. We initiate coverage on the stock with a Neutral Rating.



How does Shopify's valuation stack-up versus e-commerce peers?

We expect Shopify to grow revenue @39% vs. consensus estimates (Marketscreener) for Wix (NASDAQ:WIX) @28% over 2020 to 2022. Wix is currently trading at 11x EV/Sales NTM versus Shopify @32x which we believe is a massive premium for Shopify on a 10% difference in revenue CAGR over the next two years. BigCommerce (NASDAQ:BIGC) seems to be overpriced the most, given consensus estimates of revenue CAGR @20% over 2020 to 2022 which does little to justify its accompanying EV/Rev NTM multiple of 32x. This valuation multiple is in line with Shopify which is expected to grow much faster @39% CAGR over the same period.



Source: AlphaTech Equities and Marketscreener

Conclusion - Shopify remains a stock that stands out for growth investors, but its valuations give little room for execution error

We see Shopify as the best-in-class, SaaS based, E-commerce retail platform, enabling SMBs and more recently larger corporates to set up and scale their online businesses swiftly. The platform accounted for 5.9% of total E-commerce sales in the US, behind only Amazon with 37% in 2019. Shopify benefits from strong industry positioning, robust balance sheet, impressive management, and a large TAM, affording it a long runway of growth over the long term. In addition to being exposed to the strong secular growth of e-commerce, the platform enjoys multiple levers of growth, posting an impressive revenue CAGR of 67% over 2015-2019. Share prices have duly followed suit, up 6,153% since its IPO in May 2015. We rate the management highly, with CEO and Founder Tobias Lütke, spearheading its best-in-class growth print and boasting a strong-track record of adding new merchants (now standing at 1.5m according to our estimates), growing third party sellers on its platform and launching new products to increase monetization. However, multiple risks remain for Shopify, one of which involves a successful vaccine rollout in 2021, meaning growth trajectory may be non-linear over the next 12 to 24 months as consumers increasingly go back to shop at brick-and-mortar businesses. Re valuations, we see the stock fully priced with EV/Rev NTM multiple climbing to 32x versus an average of 22x in the year preceding the pandemic. We initiate coverage on Shopify with a Neutral rating.

Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Is SHOP the best buy now?

Our own Andrés Cardenal specializes in picking up stocks BEFORE they are widely known or appreciated. PLTR, for example, rose 153% in November after his alert! And he’s just announced a new stock pick.

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Tall Seller

Comments (10306) | + Follow

"12/16/2020

🔥🔥 30 Day Buy Streak:

$SHOP - SHOPIFY INC - CLASS A

Buy Volume: $2,690,746 | 2325 Shares

Streak Total: $289,095,994 | 279657 Shares

Daily Close: $1157.31 (7.75%) ⬆️

Prev Close: $1074.10

W.Avg Streak Price: $1033.75"

👉 twitter.com/...

THIRTY trading days in a row, the LARGEST Active ETF has BOUGHT Shopify shares. Is that a BUY BUY BUY signal???? YES (to me, it is)!!!

📈📈📈📈📈

17 Dec 2020, 03:27 AM Like 2 Reply

TheRod1

Comments (809) | + Follow

We have now exceeded the 09/01 52 week high to set a new higher 52 week high - on a near 90 point run up today.

Exactly who thinks this stock is not going to $1,200+?

Buy now, or bye now -

16 Dec 2020, 07:48 PM Like 5 Reply

Tall Seller

Comments (10306) | + Follow

Hey @thegopher001

If "Shopify does not do anything miraculous", then why has the LARGEST active ETF [ARK Invest], who has had amazing results (crushing most other funds), been BUYING Shopify shares for the last 29 DAYS straight?!

"Today Ark Invest

Bought:

$BIDU, $87.6M 🚨

$PYPL, $77.2M 🚨

$DOCU, $46.8M 🚨

$SHOP, $40.2M 🚨

$TDOC, $23.3M

$ZM, $16.9M

$VRTX, $14.6M

$TMO, $14.4M

$NVS, $14.2M

$RHHBY, $5.3M

$TAK, $3.3M

$CDXS, $1M

Sold:

$VCYT, $-0.4M

$XONE, $-0.5M

$WORK, $-74.1M 🥁”

👉 twitter.com/...

With the massive inflows into ETF’s, $90.8-BILLION in November alone, I’m betting my boots that ARK knows Shopify’s story well enough (like I think I do) to know Shopify is very likely going to SKYROCKET, and that all the inflows in their ETF’s will then also push $SHOP share price UP UP UP!

📈📈📈📈🚀🔜💰💰💰

16 Dec 2020, 11:32 AM Like 2 Reply

hawk007

Comments (1711) | + Follow

It goes back and forth, but.....now it has paid for my new c-8 Corvette!!!...............it is going to be built soon!!!......Tall: I will give you a ride and you WILL change your mind about Lambos......LOL ha ha The Vette is the "Shopify" of the Super cars!!!

16 Dec 2020, 03:56 PM Like 1 Reply

hawk007

Comments (1711) | + Follow

Thanks Iron Man!!!

17 Dec 2020, 12:38 PM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

💥BAM!💥

ARK is now the largest Active ETF (seen here: www.google.com/...) and guess who has bought Shopify shares TWENTY-EIGHT DAYS IN A ROW???? ARK has!

Check it out: twitter.com/...

Who thinks it’s a BUY signal when the LARGEST active ETF fund BUYS Shopify shares 28 days in a row? I do!

LONG $SHOP

15 Dec 2020, 11:59 AM Like 3 Reply

thegopher001
Premium
Comments (139) | + Follow

Much more risks than benefits at this point. Everything is priced in for the next 10 years and beyond. No alpha there.

Short SHOP

15 Dec 2020, 11:30 AM Like 1 Reply

Tall Seller
Comments (10306) | + Follow

@thegopher001

Do you think Shopify’s plan to DOUBLE their engineering staff in 2021 is a GROWTH indicator?

Wix is the one that could CRASH.

15 Dec 2020, 12:00 PM Like 1 Reply

hawk007
Comments (1711) | + Follow

you say that as it is up sharply today.....wow...give up....

16 Dec 2020, 03:57 PM Like 0 Reply

thegopher001
Premium
Comments (139) | + Follow

It's not sustainable. It will go down at some point

16 Dec 2020, 11:17 PM Like 0 Reply

hawk007
Comments (1711) | + Follow

Wow what does it take for you to endorse Shop?......a 75% drop.....????......Who remembers Andrew Left?.....are you him?.....I don't even know who you are but do look (I am trying not to say stupid) less than intelligent when you persist in your worthless point of view!

17 Dec 2020, 12:43 PM Like 1 Reply

hawk007
Comments (1711) | + Follow

.....it will also go up "at some point" wow....(help me Ramy!!!!)

17 Dec 2020, 12:45 PM Like 0 Reply

264
Comments (102) | + Follow

Article out this morning from Business Insider. Headline is Amazon Executives and Jeff Bezos Concerned with Shopify's Growth. They go on in the article to admit they are losing market share to Shopify.

15 Dec 2020, 08:37 AM Like 4 Reply

salnaz641
Comments (196) | + Follow

Shopify is building a business for the next 100 years. If there are execution errors no big deal as they are going to just keep delivering over the long term as has been the case since the IPO. Valuations high or low in 10+ years it will not matter. One of the best management teams out there.... 2021 will be another fantastic year.

14 Dec 2020, 10:43 PM Like 4 Reply

hawk007
Comments (1711) | + Follow

If we do what you are talking about (I agree) then even 6 months from now this PRICE might seem VERY LOW...? Anyway this has got LOTS OF ROOM TO GROW!!!

15 Dec 2020, 10:39 AM Like 0 Reply

hawk007
Comments (1711) | + Follow

....I agree.....even if it takes a "rest" for a while, but it could go down too at some time....or up....or side ways too....

17 Dec 2020, 12:47 PM Like 0 Reply

Tall Seller
Comments (10306) | + Follow

WooooHooooo, fasten your seatbelts LONGS. Shopify’s CTO just said he’s DOUBLING his engineering department in 2021 (adding over 2000 employees to their engineering department).

Check it out: twitter.com/...

That’s a BUYING signal to me, as it signals GROWTH.

📈📈📈📈📈📈

14 Dec 2020, 07:00 PM Like 5 Reply

hawk007
Comments (1711) | + Follow

Wow!!!!.....I do my own research but it is good, Tall, to always listen to you!!!

15 Dec 2020, 10:42 AM Like 2 Reply

gutcheck

Comments (4125) | + Follow

amzn might launch competitive service.

14 Dec 2020, 05:01 PM Like 1 Reply

Tall Seller

Comments (10306) | + Follow

@gutcheck

IMPOSSIBLE. Other big tech marketplaces and social media will NEVER let Amazon integrate like the let Shopify.

14 Dec 2020, 07:00 PM Like 3 Reply

Ramy Taraboulsi, CFA

Contributor

Comments (2308) | + Follow

@gutcheck , can you please provide the reference for Amazon launching a competitive service?

15 Dec 2020, 01:19 AM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

@Ramy Taraboulsi, CFA

It's rumour and it's bogus and irrelevant. Amazon can absolutely NEVER offer what Shopify offers. It's literally impossible.

15 Dec 2020, 03:12 AM Like 1 Reply

gutcheck

Comments (4125) | + Follow

@Ramy Taraboulsi, CFA

it is not clear how far along they are in the project

seekingalpha.com/...

www.businessinsider.com/...

"In recent months, Bezos has been directly involved in discussions about launching a new online store service that could compete with Shopify, according to people familiar with the matter. Shopify sells the software tools needed to build an e-commerce site and has become a popular alternative to Amazon for small businesses looking to sell their products online.

The talks at Amazon were more of a "defensive" move to Shopify's growing threat as a competitor, one of the people said, as there's been a scramble among Amazon executives to respond to Shopify's meteoric rise.

Bezos and his executive suite considered launching the service under the Amazon Web Services cloud unit and having Yunyan Wang, the technical advisor to retail CEO Jeff Wilke, run the business, one of the people said" (edited)

15 Dec 2020, 05:34 AM Like 0 Reply

Ramy Taraboulsi, CFA

Contributor

Comments (2308) | + Follow

Thanks @gutcheck ...

15 Dec 2020, 09:15 AM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

@gutcheck

Who cares. Amazon can NEVER offer the omnichannel experience that Shopify offers. Other big tech marketplaces, social media and big box online stores will NEVER let Amazon integrate like they let Shopify do so.

15 Dec 2020, 12:27 PM Like 0 Reply

hawk007

Comments (1711) | + Follow

hey Ramy is Shop doing well?......I love hearing from you.... for some twisted reason I really like you.....ready to stop bashing Shop?

16 Dec 2020, 04:00 PM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

Gotta love to that Shopify's President keeps talking about Black Friday Cyber Monday being a "season" this year (like here:

twitter.com/...

), so it's very likely he's hinting at MASSIVE growth is happening, in total, right now, for Shopify Q4, wouldn't you say?

14 Dec 2020, 03:28 PM Like 4 Reply

Tall Seller

Comments (10306) | + Follow

For all the elder investors who don't understand the power of social media and commerce...listen to Shopify President here talk about how it's the wave of the future for e-commerce and how Shopify is blazing the trail in this industry of Social Commerce:

👉 twitter.com/…

Remember SOCIAL COMMERCE and Shopify is going to SKYROCKET partly because of it.

📈📈📈📈📈📈

14 Dec 2020, 02:42 PM Like 4 Reply

Up and Away

Comments (4154) | + Follow

Sorry, Shopify was not the trailblazer for e-commerce or social commerce. Amazon has been at the game for over 20 years and is still the leader and will remain so. Shopify has done well with the stay at home group but what happens when that is no longer true now that the vaccine is here? This remains to be seen.

14 Dec 2020, 03:18 PM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

@Up and Away

Amazon is not even close. ZERO!

Does Amazon have tiktok integrations? Snapchat? Facebook Shops? Wechat? ETC?

NO’

14 Dec 2020, 03:28 PM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

@Up and Away

Amazon is a one pony show e-commerce player. OF COURSE, Shopity is going to outgrow Amazon for e-commerce. Only LOSER businesses would set up on Amazon alone. WINNERS start from Shopify as their agnostic hub integrator and reach out from their to whichever of the following are best for each of their companies or each of the products for a combination of sales, marketing, brand building, interacting directly with customers, cross channel promotions, product launches, offloading of inventory, ETC....

- Amazon
- Mercadolibre
- all google products
- Facebook
- Instagram
- Pinterest
- Snapchat
- Kik
- Wish
- Bonanza
- Fruugo
- Catch
- Tophatter
- Rakuten
- Sophie
- Sears
- Newegg
- Jet
- Reverb
- Xero
- DPD
- PowerBuy
- Buy Button
- Ddiscount
- MyDeal
- Wanelo
- Messenger
- GOTit
- Jioukuo
- linkr
- Lyst
- Apple chat
- Microsoft products
- Best Buy
- Walmart
- TikTok
- JD
- TMall

- wechat
- Etsy
- Bing
- eBay
- Houzz
- buzzfeed
- some video games
- ETC ETC

Close to 60% of Amazon's sales comes from 3rd party integrators (aka Shopify merchants), and that was their fastest growing cohort at 26% growth last year.

100% of Amazon's Small Business Spotlight awards winners were Shopify merchants:

👇

twitter.com/...

Even Jeff Bezos is a Shopify merchant😂 X2:

• Washington Post

store.washingtonpost.com/...

• Blue Origin

https://shop.blueorigin.com/

Shopify is INFINITELY better for businesses than Amazon is with significantly more e-commerce growth ahead for Shopify. And therefore Shopify SHOULD trade at a higher multiple.

14 Dec 2020, 03:29 PM Like 3 Reply

hawk007

Comments (1711) | + Follow

A PERMANENT shift has happened that people will ALWAYS shop online more and more....I am "older" (as Tall said....lol) but even I am getting used to ordering online....It's very easy!....So when this invasion from China is over we will still order things online!!!

15 Dec 2020, 10:52 AM Like 0 Reply

hawk007

Comments (1711) | + Follow

.....this is one of the few things i DON'T LIKE!!.....Tiktok is a arm of the CCP....as should be banned from America!

15 Dec 2020, 10:54 AM Like 0 Reply

264

Comments (102) | + Follow

Here's the real question. We know that Shopify beat Amazon on GMV on Black Friday/Cyber Monday. Further we know that Amazon has 36.99% of the market compared to Shopify's 5.99%. Does the sales trend that occurred on Black Friday/Cyber Monday indicate more market share as a result for Shopify? I think it does.

14 Dec 2020, 11:57 AM Like 4 Reply

Tall Seller

Comments (10306) | + Follow

@264

Definitely agree. And Shopify is about to expand on jurisdiction they haven't even touched yet. MASSIVE growth coming.

14 Dec 2020, 12:19 PM Like 3 Reply

hawk007

Comments (1711) | + Follow

it does....positive article, except the "over valuation" opinion.....which I disagree with!

14 Dec 2020, 01:30 PM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

Shopify launched their Future of Commerce Report (twitter.com/...) with many great predictions for 2021.

My favorite prediction by Shopify for 2021 is......

"Modern financial solutions will disrupt business and consumer banking, finance, and lending."

I predict Shopify is referring to their Novi & Diem Association innovations coming down the pipe in 2021, that will change the world of fintech and e-commerce.

See here for Shopify's Future of E-commerce report:

cdn.shopify.com/...

👆👆👆

14 Dec 2020, 11:57 AM Like 6 Reply

Tall Seller

Comments (10306) | + Follow

This November 30th @sensortower report shows Shopify's Shop App had the third most shopping related downloads in November (where Shop App is higher on charts now): "Walmart saw the greatest adoption with 131,000 installs, followed by Amazon

with 106,000 at No. 2 and

Shop with 81,000 at No. 3..

sensortower.com/...

Long $SHOP

14 Dec 2020, 11:56 AM Like 3 Reply

Uhle
Premium
Comments (293) | + Follow

@Tall Seller

The partnership with Walmart will prove to be a mighty one!

14 Dec 2020, 12:26 PM Like 3 Reply

vanvic
Comments (782) | + Follow

I love the Shop App. Every purchase I make is at my fingertips, no guessing from the moment I make the purchase ‘till it has arrived at my doorstep. Seamless.

16 Dec 2020, 11:06 AM Like 2 Reply

Up and Away
Comments (4154) | + Follow

Shopify may go another $100 higher which would be understandable before the holiday season ends. The virus will offset the price going much higher than $1200 IMO. I could be wrong.

14 Dec 2020, 11:41 AM Like 1 Reply

Tall Seller
Comments (10306) | + Follow

@Up and Away

2021 is going to be MASSIVE with Shopify with all they added recently; AliPay, tiktok, Walmart, Facebook Shops...and their fintech/e-commerce solutions with Novi/Diem are about to launch.

10X BABY.

📈📈📈

14 Dec 2020, 11:56 AM Like 8 Reply

Up and Away

Comments (4154) | + Follow

@Tall Seller

Most of it is already priced in. Time will tell.

14 Dec 2020, 12:02 PM Like 0 Reply

Tall Seller

Comments (10306) | + Follow

@Up and Away

Not even close. Shopify has massive growth ahead. 2021 is due to be blockbuster for them.

14 Dec 2020, 12:17 PM Like 6 Reply

hawk007

Comments (1711) | + Follow

.....much higher than that!.....There has been (and it will continue) a fundamental permanent shift to online shopping....(even I am getting more comfortable with it!)

14 Dec 2020, 01:56 PM Like 0 Reply

hawk007

Comments (1711) | + Follow

...how can you say that? You have nothing to back up that claim....

14 Dec 2020, 01:57 PM Like 0 Reply

Up and Away

Comments (4154) | + Follow

There will be growth for all.

14 Dec 2020, 02:04 PM Like 0 Reply

hawk007

Comments (1711) | + Follow

it may "rest" at 1200 or so for a while, but what happens when the comps come in for Christmas?.....I see "Massive" growth ahead......

17 Dec 2020, 01:02 PM Like 0 Reply

hawk007

Comments (1711) | + Follow

....it might be " priced in" for a couple of weeks.....(or days) until it isn't......

17 Dec 2020, 01:04 PM Like 0 Reply

Uhle

Premium

Comments (293) | + Follow

Enjoyed the article, nice write-up!

14 Dec 2020, 11:26 AM Like 3 Reply

AlphaTech Equities

Contributor Premium

Comments (23) | + Follow

Author's reply » Thanks Uhle!

15 Dec 2020, 07:58 AM Like 0 Reply

Add a comment

Disagree with this article? Submit your own.

To report a factual error in this article, click here.

Your feedback matters to us!