

Shopify beats expectations on subscription and merchandise volume growth, cost cutting

Article

Earnings breakdown: Shopify **exceeded expectations** for the third quarter, reporting **higher-than-expected revenues** and a smaller-than-expected loss.

- Total revenues increased 22% year over year to 1.4 billion.
- Shopify's subscription solutions revenues grew 12% to \$376.3 million, partially due to growth in monthly recurring revenue, which climbed 8% year over year to \$107.0 million.
- Gross merchandise volume (GMV) increased 11% to \$46.2 billion and gross payments volume grew to \$25.0 billion, representing 54% of GMV in the third quarter.
- The company's adjusted net loss totaled \$30.0 million.

Making moves: The ecommerce company made several additions to its offerings to strengthen its buyer relationships and simplify logistics.

- In August, Shopify launched **Shopify Collabs**, a sales channel for merchants to find and collaborate with creators.
- Last month, **Shopify introduced POS Go**, an all-in-one mobile point-of-sale (POS) device.
- **Shopify Markets Pro** also rolled out last month, helping merchants expand more easily into global markets.
- With its **acquisition of Deliverr**, Shopify is able to expand its logistics and delivery capabilities.

Looking up: Shopify's third-quarter success comes as welcome news after a disastrous second quarter, which forced the company to cut 10% of its workforce as it struggled to course correct.

- The company made huge investments during the pandemic, assuming that ecommerce's staggering growth would continue.
- But **CEO Tobi Lütke** said that his big bet on ecommerce "didn't pay off" and that the company needed to adjust to grow into something "more focused, more driven, and more singular in mission."

The bottom line: Despite the fact that ecommerce gains have slowed, Shopify isn't completely down for the count. Plus, the **economy has begun to grow again**, a good sign for the retail industry as a whole.

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