

As the online pandemic boom fades, Shopify cuts 1,000 jobs

July 26 2022, by ANNE D'INNOCENZIO



The Ottawa headquarters of Canadian e-commerce company Shopify, is shown on May 29, 2019. Shopify Inc. is cutting 10% of its staff, or about 1,000 employees, as the company reckons with an unexpected sales downturn after pandemic-infused explosion. Shares dropped 15% in morning trading, Tuesday, July 26, 2022, after the news broke. Credit: Justin Tang/The Canadian Press via AP, File

Shopify is cutting 10% of its staff, or about 1,000 employees, as the e-commerce company reckons with an unexpected sales downturn after a pandemic-fueled explosion.

There has been a wave of layoffs or cutbacks in the [tech sector](#) with Wall Street distancing itself from some of the fast-growth companies that flourished over the past two years.

Shares of Shopify Inc., based in Ottawa, Ontario, tumbled 15%.

In a [memo](#) sent to employees Tuesday, Tobias "Tobi" Lütke, the company's founder and CEO, said [job cuts](#) will be made across recruiting, support and sales departments. The company said it's also eliminating over-specialized and duplicate roles, as well some groups that were "convenient to have but too far removed from building products."

The company had anticipated that the pandemic would accelerate the entrenchment of e-commerce sales by five or even 10 years, Lutke wrote, and the company expanded to match those expectations. But he said it's now clear that bet didn't pay off. Spending, he said, appears closer to patterns seen before the arrival of COVID-19.

"As a consequence, we have to say goodbye to some of you today and I'm deeply sorry for that," Lütke wrote.

Shopify was founded in 2006 as web designer for retailers, but has expanded into a suite of services including payments, marketing, and shipping.

Sales leapt 86% between 2019 and 2020, and another 57% jump, to \$4.61 billion, last year.

By May, however, Shopify warned of slower revenue growth as the pandemic boom faded.

Employees who are let go will get 16 weeks of severance pay, plus an additional week for every year of tenure, the [company](#) said.

The layoffs were first reported by The Wall Street Journal.

Shopify reports second quarter earnings results Wednesday.

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