

## Why Shopify Inc. Is A Smart Investment

### Description

One of my favourite companies in the tech sector is **Shopify Inc.** (TSX:SH)([NYSE:SHOP](#)). Shopify is a cloud-based e-commerce platform that boasts a complete e-commerce store setup that integrates with social media platforms in a fraction of the time that has been traditionally required.

The company has only been public for just over a year, but in that time has grown considerably to become a staple of over 270,000 business storefronts with a massive \$14 billion worth of sales passing through the platform in over 150 countries. Impressive.

As if that isn't reason enough to consider Shopify, here's a couple more reasons why this really is a smart option to add to your portfolio.

### Shopify integrates well into just about any e-commerce model

Shopify has a number of add-ons and plugins that allow a myriad of additional features to be added on to the process. This past spring, Shopify purchased Kit CRM, which is a marketing assistant tool designed to help businesses manage their online presence through a variety of SMS messaging and social media posts.

The addition of Kit CRM into the Shopify family allows merchants to use social platforms to engage in what the company calls "conversational commerce".

The Kit chatbot, which is the first business oriented chatbot to launch on Facebook's Messenger launched this month, and is likely to be a catalyst to attract even more interest and brand awareness to the platform.

### Shopify has massive potential

Interest in Shopify's platform has increased considerably over the past few years, and that's great news for investors. One key point that many fail to realize however is that in terms of the ultimate market size, Shopify is only just scratching the surface of what is a truly immense market.

Shopify is primarily focused on the small to medium business sector, with the out-of-box quick setup being one of the key selling points of the platform. Looking beyond this, Shopify does have a higher-end premium offering called Shopify plus, that appeals to larger clients, which the company does have.

Between Shopify's easy setup, merchant solutions, shopify capital and a myriad of other social media integration options, Shopify has established a solid moat around the e-commerce world for businesses, bridging together what would be multiple separate products from separate vendors, into one complete package.

This is an incredible advantage point to clients from both a reporting and cost standpoint, and given the company's growth rates over the past few quarters, seems likely to continue.

### **Shopify is still a good bargain**

Shopify currently trades at just below \$42. Year-to-date, the stock is up by over 17%, while looking further back over the past 12 months shows that the stock is roughly breaking even. Considering the growth in customer base and popularity that the platform has garnered over the past year, the potential upside to the stock is massive.

In the most recent quarter, the company posted a 95% increase in revenue, 73% increase in recurring revenue, and 82% increase in gross profits. The company is set to report updated quarterly figures in a few weeks, and analysts haven't been coy about issuing a buy rating on the stock.

In my opinion, Shopify remains a great long-term option for those investors looking for a technology company that has a massive long-term appeal.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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