



Why Shopify Inc. Is 1 Growth Stock You Don't Want to Miss

Description

Making money in the stock market is very simple: you buy a stock that's trading at the right price.

But then come complex strategies and charts that often terrify people who generally think investing is only for geeks.

As an investor, I always recommend using common sense and easy-to-understand strategies. One easy way to make money in the market is to find a sector that is showing explosive growth.

The next step is to identify leading players in this growth industry. That company must have a wide moat with the ability to fund its growth. It seems an impossible task, but it's achievable. Here is an example of such a company.

Shopify Inc.

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#)), a Canadian e-commerce platform provider, has got all the traits that a growth company possess. It belongs to a sector which is seeing an exceptionally higher growth as customers make their purchases online. This trend is only to grow as both companies and consumers seek innovative ways to cut costs.

Shopify's business model is sticky, because the company solves many problems that a small merchant faces while operating an online store. From creating a website to providing e-commerce plug-ins, marketing, accounting and inventory management, Shopify can take care all of this.

From just over US\$50 million in 2013, Shopify's sales jumped to US\$389 million last year. In the second quarter, sales were US\$151.7 million — a 75% increase from the comparable quarter in 2016.

Is Shopify a true growth stock for your portfolio?

So, what's the future of this remarkable technology company? The biggest concern that new investors have when they consider Shopify stock is if they've already missed the boat after seeing over 150% gains in its stock value only this year.

I think the market opportunity for Shopify is huge. Shopify told investors in the second quarter that its merchant network has already surpassed 500,000 businesses in 175 countries against its targeted market of 10 million merchants.

Merchant growth in the second quarter, for example, was global with a 56% increase in North America, 82% in Asia, 168% increase in South America, and 70% increase in Africa.

Shopify is not making a profit yet. It's investing heavily to continue expanding its network of merchants.

For long-term investors, Shopify stock provides a great opportunity to charge up their portfolios with this reliable technology name.

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Date

2025/07/05

Date Created

2017/09/18

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