



This Top Growth Stock Looks Poised to Pop in October

Description

To say that **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) is on a roll would be an understatement — the stock has more than doubled in value year to date. The euphoria isn't misplaced, as the e-commerce platform is growing at a torrid pace, and there's little reason to believe the stock won't fly any higher this month and beyond.

The latest development is that Shopify is adding yet another cap to its sales channel, having just rolled out its Instagram shopping tool to thousands of its merchants to allow them to sell goods directly through the popular photo-sharing app. As you may already know, Shopify's merchants are already using other social media platforms like **Facebook** Messenger and BuzzFeed to tap customers.

Shopify's latest move should be a win-win as the company apparently already gets a significant amount of traffic from Instagram. So, by allowing users to buy directly in-app, Shopify should be able to convert a larger number of potential customers and monetize the traffic to boost its sales further. As it is, Shopify's revenues are soaring.

On its way to another solid quarter

Last quarter, [Shopify reported a whopping](#) 75% year-over-year jump in its top line as revenues from both its subscription solutions and merchant solutions soared. While the former indicates that merchants are renewing their subscriptions with Shopify, the latter reflects the growth in gross merchandise volume, or simply the total dollar value of transactions conducted on the platform.

Here's what Shopify's revenue projections look like:

- For the third quarter: 66% year-over-year growth at the midpoint.
- For the full year: 60% growth at the midpoint.

Clearly, Shopify is on its way to yet another strong quarterly earnings report scheduled for release early next month, and that should keep the stock's momentum going.

Where Shopify wins

The key to Shopify's growth lies in its innovative leadership in a competitive market. As Shopify's co-founder and CEO Tobi Lutke recently revealed during [an exclusive interview](#) with The Motley Fool, the company's focus is on giving its merchants "new superpowers," and it is keen on exploiting emerging trends, like artificial intelligence (AI), to achieve its goals. A company so intently focused on the people that make its business is unlikely to falter in its growth path.

In fact, most of Shopify's recent initiatives, whether it's the launch of its Instagram selling platform, or an in-house credit card reader, or Shopify Plus, have been made keeping the merchants' interests in mind. With the company continually rolling out new services for its sellers, its brand loyalty should only strengthen in coming years.

Investor takeaway

For a company that's adding a record number of merchants quarter after quarter and earning gross margins of +50%, investors needn't worry about Shopify's premium valuation. The stock's run up is backed by strong business tailwinds, and the scene is unlikely to change going forward. Hold on to your Shopify shares tight, and stay tuned for updates on the company's earnings and next growth moves.

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Date

2025/07/06

Date Created

2017/10/07

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