



## Could Shopify Inc (TSX:SHOP) Reach \$300 Despite Tech Stock Panic?

### Description

**Shopify's** ([TSX:SHOP](#))([NYSE:SHOP](#)) volatile year reached a whole new level of crazy this past Monday, when shares dropped 10%, threatening to erase their gains for the year. Although this wasn't the first time Shopify shares took a dip, it may have been the most dramatic. It also mirrors broader volatility in the tech sector, which has seen the NASDAQ swing wildly since October, led by stocks like **Apple**.

Despite all the ups and downs, Shopify has been chugging along well since its IPO when it debuted for just \$17. The question is, can it keep it up? Although Shopify is still a fast-growing enterprise, its growth rates are not as high as in past years. Many Shopify investors would love to see the stock reach \$300, but in order for it to get there, a few things will need to happen. We can start by looking at Shopify's plans for the future.

### Shopify's ambitions

Shopify's mission is to "make commerce better for everyone." To get a little more specific, the company strives to make life easier for entrepreneurs by providing an easy platform for selling online. The company does this very well. Not only are Shopify websites easy to set up and administer, they're also very reliable, as observed when they reliably processed [thousands of orders](#) in the first week of legal cannabis.

The question is, how far can Shopify go with this? There are a number of larger established platforms that let entrepreneurs sell online: **Amazon**, **eBay**, self-hosted sites, and more. If it really hits the big leagues, Shopify will be in de-facto competition with Amazon, and once it gets there it will face a number of challenges. Amazon has several features that Shopify can't match: built-in web traffic, fulfillment, etc. While Shopify gives businesses more power to control their stores' look and feel, the ease of getting started on Amazon is hard to beat. This may prove to be a barrier to continued growth for Shopify, unless it can do something to court customers who find it easier to get started on Amazon.

## What it would take

The way I see it, to reach \$300, Shopify would need to do two things.

First, it will need to compete with Amazon on marketing. Amazon gives its vendors a huge advantage in that it already has a massive flow of traffic and can direct customers to vendors via search queries and buying history. Shopify doesn't have anything like this and thus limits its user base to those willing to handle traffic themselves.

Second, it would need to accelerate its revenue growth without increasing costs too much. Although Shopify is growing revenue at a solid [58% year over year](#), expenses are going up just as fast. To get the kind of investor sentiment that would drive the stock to \$300, Shopify will need to start showing a consistent track record of profitability, or at least accelerated revenue growth that promises bigger earnings down the road.

To hit both of these goals would be a huge undertaking. However, Shopify has shown itself to be more than capable of innovating in the past. With a strong focus on its core offering and an equal focus on fiscal discipline, it may well hit \$300 in short order.

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