



## Why Shopify (TSX:SHOP) Stock Is Unstoppable

### Description

One glance at **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock's price action since its initial public offering (IPO), and anyone can tell that it has been a formidable force. Since it had its IPO, Shopify stock has been almost an 11-bagger!

In about four years, an initial \$10,000 investment would have turned into more than \$109,000!

### Unstoppable Shopify

Since day one, Shopify has had the mission to make it really easy for anyone, including non-technical people, to start an online store. To do this, the tech company stays ahead of the curve and keep up to date with the latest technologies.

Shopify has made the lives of entrepreneurs so much easier. It was the first platform to sell over multiple channels while automatically tracking orders and inventory so that entrepreneurs can focus on improving their products and businesses.

The latest trends that Shopify has been exploring include virtual reality, augmented reality, gaming as a channel, geofenced flash sales, and other ways to bridge the gap between physical and digital retail.

The company's culture of innovation and spirit to try new things until they work should continue to improve the success rate of the businesses that use the Shopify platform.



## Shopify's monstrous growth

Shopify's revenue in 2018 was five times it was in 2015. That's a growth rate of 73% per year! It's hard to find another company that comes close to having that kind of growth.

The tech company stays relevant and pursues growth by reinvesting a large portion of its revenue in research and development (R&D). From 2015 to 2018, Shopify spent 20% of its revenue in R&D.

In the first quarter, Shopify still experienced [very good growth](#) — revenue grew nearly 50% year over year.

## Foolish takeaway

Shopify succeeds as the entrepreneurs and businesses that use its platform succeeds. It helps them build their brand by remaining relevant and developing innovative features. That creates stickiness to the Shopify platform.

Although Shopify is not yet profitable, it's doing the right things to reinvest into the business and gaining market share with rapid top-line growth.

The [growth stock has amazing momentum](#). Even when there was a market correction in late 2018, SHOP stock was still trading about 20% higher from the start of 2018. And now, the stock has more than doubled from the low in December 2018.

Because of its strong momentum, the stock always trades at a sky-high multiple. SHOP stock's price-to-sales ratio is about 29 currently. As a result of its high valuation, it has been subject to a number of short-seller attacks. So, investors who buy the stock should be ready for a wild ride.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

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