



## Is Shopify (TSX:SHOP) a Foolish Buy?

### Description

On the 21st of May in 2015, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) made its debut on the New York Stock Exchange, and it was quite a blockbuster. Within the first day of trading, the shares gained just over 50% from where it started. The company's shares went from an IPO pricing of US\$17 to US\$25.86, with a 51% increase, and that set the pace for the remarkable growth witnessed by Shopify.

In the 27 months following the [debut of Shopify](#) on the New York Stock Exchange, the Canadian giant has made a reputation for itself as one of the top performers in the stock market. It rose 500% in its value from the initial \$17 IPO pricing during that period.

To help you get a better perspective of how well Shopify stock has performed, we should compare the stock to **Facebook** and **Netflix**. Both companies' stocks returned around 100% in the same amount of time that Shopify increased by 500%.

## Shopify stock skyrocketed in 2019 (and it isn't slowing down)

SHOP has seen impressive growth in the past couple of years. The stock is up from \$187.11 at the beginning of 2019 and is now up to \$512.82. The vast growth is an increase of over 171% in 2019.

Shopify has benefited dramatically from the diversified and ever-increasing retailer base and its foray into the international market. One of the most recent legs of the stock rally came recently, as Shopify announced that it would make a few changes to the platform.

## Shopify gearing up to rival a giant

The announcement was mostly about Shopify revamping Shopify Plus. Shopify Plus is an e-commerce platform, which enables its enterprise-level clients to expand their businesses. There is also the matter of the Shopify Fulfillment Network within the United States, which effectively puts it in competition with the [global giant Amazon](#). Shopify also unveiled its POS software, which will allow merchants to improve their brick-and-mortar businesses.

These are all moves that have resulted from Shopify's massive growth over the years and its ambitious announcements to improve on the already successful platform.

## Expected growth for Shopify

Based on the report from first-quarter earnings, Shopify CEO Toby Lütke said the company is meeting a need that is not only global but is likely to continue growing for the foreseeable future.

SHOP stock's growth trajectory reflects its significant growth and the company's hunger for more. The investors are buying into the narrative that the company will continue to grow the revenue it generates at the dizzying pace that we have seen since the launch of the IPO.

Josh Beck, KeyBlanc Capital Markets analyst, said that the recent announcements by Shopify, especially the Shopify Fulfillment Network, are all going to set a positive industry sentiment. All of these factors can help the company rival Amazon in the industry.

## Final words

Shopify has seen a parabolic rise in the years following its IPO. Of course, you should be looking at something more tangible before they consider a continued investment in the stocks. The new announcements are hopeful, but until the Shopify Fulfillment Network starts to operate at full scale, investors should hold off on betting that Shopify can indeed rival Amazon.

### CATEGORY

1. Investing
2. Tech Stocks

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