



How Shopify (TSX:SHOP) Will Become the Next Google

Description

Alphabet Inc. ([NASDAQ:GOOGL](#))([NASDAQ:GOOG](#)), the company behind Google, dominates its industry. Worldwide, Google controls 92.4% of all search traffic, and it's that traffic that drives incredible growth and profitability. In 2004, the company was valued at just \$30 billion. Today, it's worth more than \$800 billion. Last year, it generated \$31 billion in profit from \$137 billion in revenue.

You may think Google's secret sauce is its massive market share, but that's merely a symptom of its true superpower: data. Through its Google search engine, Chrome internet browser, Android mobile operating system, and Chromebook computer hardware, the company controls more real-time data than any other company, including **Facebook, Inc.**, and **Microsoft Corporation**.

Google's direct access to valuable data is what allows its to grow, monetize, and defend its dominant market share.

While no one is talking about it, **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) is well on its way to emulating Google's hyper-successful strategy. This opportunity alone could add \$50 billion or more to the long-term value of the stock. Today, Shopify's market cap is just \$46 billion, so this is a very meaningful growth driver that the market is completely ignoring.

Dominate data

Shopify has been the fastest-growing e-commerce platform for years. Today, it's widely considered to be best-in-class. The company's strategy wasn't just to build an online store-builder tool, but to bundle all the critical services businesses rely on. After all, what good is an online storefront if you can't track inventory, process payments, and fulfill orders?

With Shopify, these capabilities are *built in*. That means after a few clicks, you have a fully functional storefront capable of competing in the global market. Over the last few years, Shopify has added several new services to its platform. For example, users can activate, track, and optimize marketing campaigns directly from the Shopify interface.

Entrepreneurs can even get capital funding directly from Shopify. More than 2,500 apps, only available through the company's App Store, now integrate directly with Shopify sites. You can probably see what Shopify is doing. It's positioning itself in the middle of everything a business owner does.

That's exactly what Google mastered years ago. No matter where I go on the internet, Google has figured out how to get involved, whether it's through my Android phone, Chrome browser, or search engine activity. All the data I accumulate online accrues to Google. What Shopify is doing is making all e-commerce data accrue to Shopify. Thus far, it's doing a masterful job.

Acquisition time

Guess who else is obsessed with hoarding data? **Amazon.com** ([NASDAQ:AMZN](#)). Amazon has deployed Google's data-domination strategy exceptionally well, but with different end-markets. Already, more than half of American shoppers check Amazon *first* when making an online purchase.

Amazon's recent deal with **Cargojet Inc.**, which dominates the Canadian delivery market, means that the majority of Canadians will follow suit. In addition to dominating online shopping, Amazon also owns AWS, the largest on-demand cloud computing platform on the planet. Plus, it's deploying millions of Alexa-powered devices throughout the globe, giving it unparalleled real-time data of consumers' lives.

Earlier this month, I [analyzed the possibility](#) that Amazon would acquire Shopify outright. "*There's no faster way to get ahead than to outright purchase Shopify's technology, team, brand, and customer base,*" I said. "*Amazon is the most obvious suitor, but don't be surprised to see another tech giant take the leap as early as next year.*"

That's because the bigger Shopify grows, the more proprietary data it will have. As with Google, that data could ultimately be worth just as much as the underlying business.

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