



## Here Is What Makes Shopify (TSX:SHOP) a High-Growth Stock

### Description

When you compare the current price of the e-commerce giant **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) with the analysts' 12-month price target, you will note a big anomaly.

Even after 23% correction from its record- high price in late August, analysts are still nowhere near correct in their consensus forecasts about [Shopify stock](#). Trading around \$419 at writing, Shopify stock is still way ahead of analysts' \$195 a share target for the next 12 months, according to the Yahoo Finance website.

So what makes Shopify a highly unpredictable stock that's proved many analysts wrong when it comes to predicting its future growth?

One important factor that makes Shopify a great high-powered company is that it's serving an unsaturated market. The company offers small businesses and medium-sized businesses a very effective and cost-efficient way to building a secure online store.

The platform handles all the hardware security, data backup, and payment processing aspects of the business, freeing up merchants to just focus on their core businesses.

Shopify in August reported that sales grew 48% to US\$362 million in the second quarter, thereby beating expectations. Shopify raised its 2019 revenue guidance to a range of \$1.51 billion to \$1.53 billion.

### Shopify is diversifying

With its core e-commerce business continues to expand, Shopify is also quickly diversifying into other areas; making many analysts surprised about its execution capabilities.

In June, Shopify said that it would spend \$1 billion to create a network of fulfillment centres in the United States, positioning itself as a smaller rival to Amazon.com's fulfillment service.

Besides helping companies with online sales, Shopify now offers services that compete with companies like **Square Inc.** at the point-of-sale in brick-and-mortar stores. In the second quarter,

Shopify introduced new services such as 3D modeling for product listings and multilingual, multi-currency checkout options, as well as an upgraded point-of-sale system.

Shopify also recently concluded a US\$450-million deal last month to acquire **6 River Systems Inc**., which makes autonomous warehouse robots.

## Bottom line

It's hard to predict where Shopify stock will trade in 2020, or how badly its growth will be affected if the global economy slips into a recession. Over the long run, however, it does make sense to believe in Shopify's growth model and to [take advantage of current weakness in its share price](#).

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Investing

### Date

2025/06/30

### Date Created

2019/10/11

### Author

hanwar

default watermark

default watermark