



\$10,000 Invested in Shopify (TSX:SHOP) in 2019 Would be Worth This Much Today

Description

One of the [TSX stocks that delivered stellar returns last year](#) is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). A \$10,000 investment made on the first trading day of January 2, 2019, would be worth \$27,593.00 or precisely 365 days later on January 2, 2019.

The shares of this \$60 billion cloud-based multi-channel platform went on a tear for most of 2019. Its price stood at \$187.11 at the start of 2019 then climbed by 47.4% to \$275.86 at the end of the first quarter. The price rose by another 42.7% to \$393.58 by the end of June 2019.

In late August 2019, Shopify rose above the \$500 mark before settling at \$412.30 to end the third quarter. The quarter-to-quarter rise was 4.8%. The stock resumed its climb during the last quarter before closing the year 25.2% higher at \$516.30.

Shopify and other retail stocks in the U.S. benefited from the surge in online shopping during the holiday season. Based on projections, retail e-commerce sales in Canada will rise by 21.1% to \$64.56 billion in 2019, which represents 10% of all retail sales. The actual and official figures, however, are not yet available.

Helping businesses sell online

Shopify is heaven-sent if you ask small- and medium-sized help businesses owners. If you're an aspiring entrepreneur, you can build a website and sell your goods online.

This software-as-a-service provider enables businesses to sell through channels (mobile and social media) as well as brick and mortar storefronts.

The company also offers digital payments and shipping services for the convenience of online shoppers. With over one million merchants worldwide, the company earns huge from subscription fees. In 2019, online sales saw a 20% growth versus the previous years.

Expansion is an ongoing concern

Shopify continues to sign up merchants, big or small. This Canadian e-commerce software firm wants to expand its fulfillment centres. With more of these centres, delivery would be easier and faster. Shopify has earmarked \$1 billion to spend and set up fulfillment centres in the U.S. through 2023.

The ongoing concern to expand is an indication that Shopify intends to become more competitive with **Amazon.com**. Its acquisition of six River Systems allows the company to expand into the warehouse and logistics business. The move is an indication that Shopify intends to directly compete with the American e-commerce giant.

Catalysts for growth

Since its IPO in 2015, Shopify has been displaying consistent growth. The stock had the third-highest return (+151.10) on the **TSX** as of January 2, 2020. It stumbled in early November but was able to gain steam to finish strong for the year.

Despite being a huge winner in 2019, however, it's uncertain whether this [successful tech stock](#) can replicate its impressive 2019 performance and still gain traction in 2020.

Revenue growth, however, has slowed down for seven consecutive quarters, while the company has lower gross margins compared with software firms.

The steady rise in consumers' inclination to shop through social channels should be the catalyst for growth. Likewise, Shopify's investments at home and abroad should help build awareness about its brand and eventually rival Amazon in the near term.

I'm hoping that Shopify can make many investors happy again in 2020.

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