



Forget Tesla (NASDAQ:TSLA): Shopify (TSX:SHOP) Is a Better Bet for Astronomical Upside

Description

The appetite for chasing momentum surely hasn't died down with the recent bout of market jitters, with **Tesla** going parabolic for reasons that, quite frankly, weren't that impressive.

Tesla's cult-like followers finally had a reason to be bullish, momentum chasers and computers that were fearful of missing out gave in, and the mother of all short squeezes panned out.

Nobody knows when the Tesla bubble will burst, but after the historic run, **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)) stock's multiple no longer looks that insane on a relative basis, especially when you consider that "sexy plays" are back in style after a modest market-wide growth-to-value rotation.

Now, Shopify has been on a heck of a run since rallying nearly 300% off its late 2018 bottom. And with shares continuing to post incredible momentum, I wouldn't rule out a sharp Tesla-like pop on earnings that would bring the company into [\\$200 billion market cap territory](#).

Left was not right!

Infamous short-seller, bubble chaser, and Shopify bear Andrew Left, who recently announced his short on Tesla, has undoubtedly been feeling the squeeze with his short position in Shopify. And while the pie-in-the-sky multiple was absurd, it may be more justifiable given the magnitude of improvement and the ridiculously long growth runway that lies ahead.

Over the last few quarters, I believe we've witnessed Andrew Left's short thesis crumbling before our eyes, with Shopify Plus posting incredible growth that essentially nullifies the "churn" concern. Moreover, unlike Tesla, I think Shopify has a wider economic moat given the value-producing product continues to get better with time, making it a dominant force in the small- and medium-sized business (SMB) e-commerce space that's now expanding into the realm of enterprise-grade software.

Don't discount Shopify's growing ecosystem

CEO Tobias Lütke and company have done a heck of a job, and he's not about to release his foot from the gas just yet. With a slate of encouraging add-on products (including Payments, Shipping, and Capital), the company looks to be creating an ecosystem that could drive attrition rates to the floor.

As we've seen with **Apple** and its move into software services, the power of an ecosystem is akin to a ridiculously wide economic moat in the modern era. Over the next few years, I expect Shopify to continue improving upon itself until it takes full control of its addressable niche market while continuing to make a push into the turf of other firms in the realm of e-commerce. As it looks to take revenue growth to the next level, I also see a scenario where the company could enter sustained profitability, without requiring deep cuts to its labour force.

Foolish takeaway

Simply put, Shopify is a hyper-growth business that will be [hard to keep down](#) over the next few years.

With an exceptional steward and visionary at the helm, one could argue that Lütke could give Elon Musk a good run for his money and that Shopify stock is far more likely to sustain a parabolic run than the likes of a Tesla — a super-cyclical firm that has competition breathing down its neck.

Stay hungry. Stay Foolish.

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