



## Why Shopify (TSX:SHOP) Stock Is Still a Buy

### Description

Are you looking for a stock that benefits from the coronavirus pandemic but is also positioned for sustained growth afterward? If your answer is yes, you should consider buying **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock. With small retailers scrambling to make the jump to e-commerce, Shopify stock has doubled in value in the past six months.

Shopify provides a cloud-based commerce platform, which helps businesses become much more efficient in today's business landscape, in which the competition has become fiercer than ever.

Shopify powers more than one million businesses in more than 175 countries. The company helps merchants set up digital stores and then provides services to help those businesses grow.

### The pandemic has pushed small businesses online

The pandemic has disrupted normal routines. Some restaurants offer comfort food to take out, although they are usually only served in their dining room. More customers are shopping online. Some of their new habits will continue after the pandemic. Shopify is benefiting from the shift of consumers from traditional shopping to online shopping.

Shopify helps businesses connect and retain their uniqueness. Small retailers have the option of selling online as a third-party vendor through one of the large e-commerce chains. However, this means that they are in direct competition with other vendors selling the same or similar products — and often against the e-commerce company itself. They are also losing that unique local identity that many buyers appreciate.

Small businesses and retailers get a lot of benefits by joining a huge e-commerce site like Shopify. They can have a professional website with a shopping cart, the ability to offer sales and discounts, credit card support, mobile payment support, and shipping solutions, including Shopify's growing distribution network.

Shopify allows users to completely customize their websites to retain that local and unique flavour.

They have their own domain.

With the pandemic forcing small businesses online and the desire to remain independent, Shopify has added new accounts at a fast pace. [In the second quarter](#), the company said new stores opened on its platform grew 71% year over year. Total revenue was \$714.3 million — an increase of 97% over the same quarter a year ago. Recurring monthly revenue was \$ 57 million, up 21% from the same quarter of last year. Plus, gross merchandise volume for the quarter increased 119% year over year. EPS stood at \$0.29 — a significant improvement from the loss of \$0.26 per share last year.

For fiscal 2020, revenue is expected to grow by 66.4% from 2019 to \$2.63 billion. Earnings are expected to grow by 704.2% to \$2.41 per share.

In May, Shopify launched an updated version of its point-of-sale solution for retailers. The beauty of Shopify POS is that it supports in-store purchases, integrated with online shopping. It tracks in real-time inventory levels across all channels and multiple locations.

## Shopify stock still has upside

Shopify stock has risen by about 170% so far in 2020. With a price-to-sales ratio of 81 and a price-to-book ratio of 36, shares don't come cheap. Shopify is a [high-growth stock](#) with a bright future. Even at its current price, Shopify stock still has plenty of room for growth.

### CATEGORY

1. Investing
2. Tech Stocks

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

2. Tech Stocks

## Tags

1. Editor's Choice

### Date

2025/08/26

### Date Created

2020/10/22

### Author

sbchateauneuf

default watermark

default watermark