



## Will Shopify (TSX:SHOP) Stock Double Again in 2021?

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a magical stock. Since 2015, shares have risen 33 times in value. A \$10,000 investment would have become \$330,000 in just five years.

The best part is that the [fun](#) isn't over. There's a good chance that this stock will double again 2021.

### This is the right stock

The coronavirus pandemic has been painful for millions of people around the world. Millions of businesses have also been impacted.

For example, office real estate is suffering as companies move towards work-from-home setups. Brick-and-mortar retailers are also struggling to cope with reduced foot traffic.

But not every business is feeling the pain. Some companies were able to profit from the transition. Shopify is one of those stocks.

When economies first shut down due to COVID-19 fears, consumer spending fell off a cliff. However, within weeks, spending rebounded. If you looked closely, you realized that the dollars shifted heavily towards e-commerce. People still wanted to buy stuff, but they were doing so online.

As one of the largest e-commerce platforms in the world, Shopify was a clear beneficiary. This year, shares are higher by 125%, pushing the market cap above \$100 billion for the first time.

How big could this company get? **Amazon** gives us a clue with its \$2 trillion valuation. That's *20 times* the value of Shopify. Could there really be that much upside?

### Shopify is still pumping

It's important to note that the company doesn't compete directly with Amazon. If Amazon represents a mall, Shopify stands for the independent storefront in your local neighborhood. That difference stems

from a distinct difference in each company's business model.

"At first glance, Shopify isn't an Amazon competitor at all: after all, there is nothing to buy on Shopify.com. And yet, there were 218 million people that bought products from Shopify without even knowing the company existed," [explained](#) *Stratechery's* Ben Thompson. "The difference is that Shopify is a platform: instead of interfacing with customers directly, 820,000 3rd-party merchants sit on top of Shopify and are responsible for acquiring all of those customers on their own."

As millions of independent stores around the world transition to meet digital demand, selling their products on an Amazon-like aggregator makes no sense. It severely limits branding, ceding power to another company. These businesses want to maintain their sense of independence, and they're willing to base their e-commerce partner choice on those desires.

"Companies are drawn to Shopify not just because of the platform's simplicity and accessibility, but also because it allows them to create a unique touch point and relationship with their customers," [wrote](#) *Forbes's* Gulnaz Khusainova. "There is no 'Powered by Shopify' branding on a merchant's website. One can choose design of their online-shop and decide how to interact with customers."

Could this tech stock double in 2020? Absolutely. The world still spends far less than 10% of retail dollars via e-commerce platforms. The ultimate opportunity is well into the trillions.

If COVID-19 fears continue to accelerate the shift to digital, there's no telling how high Shopify stock can rise this year. In 2021, the prospects look even brighter.

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2. Tech Stocks

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