



Why Shopify Is a Top Stock for the Next Decade

Description

In an [article published earlier today](#), I'd mentioned that I'd doubled down on my **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) position. Clearly, I am still very bullish on this company, even after its 176% increase in stock price this year. However, I am not alone in this boat. Many investors remain bullish on Shopify's growth prospects, a sentiment further strengthened by the company's [performance last month](#). In this article, I will discuss the different reasons investors remain bullish on Shopify.

The company's addressable market is large and continues to grow

E-commerce is being pegged by many, including me, as the industry to watch in the next decade. Online shopping penetration rates remain low around the world. However, the pandemic has shown that consumers are willing to make the shift in favour of e-commerce.

Since 2014, global e-commerce sales have risen from \$1.3 trillion to \$3.5 trillion. It is estimated that the global ecommerce market will account for \$4.97 trillion by 2021. This represents an increase of 400% over the past seven years.

Areas to watch include Canada, Africa, and South America. These areas have notably lower penetration rates compared to areas like the United States and United Kingdom. As these regions continue to accept online shopping more widely, watch for Shopify to jump at the opportunity to grow.

Everyone can benefit from Shopify's platform

Staying close to the topic of its addressable market, Shopify's platform is available to anyone wishing to own a business regardless of its size. The company offers a variety of plans which allow merchants to operate online stores whether they be a first-time store owner or a large enterprise like **Tesla**.

Shopify's attractive business model and inclusivity can be seen in its ever-growing monthly recurring

revenue. Since Q2 2014, Shopify has never seen a decline in monthly recurring revenue. At that time, the company reported a monthly recurring revenue of \$5.10 million. In Q2 2020, that number had grown to \$57 million. This figure continues to grow; in Q3 2020, the company reported \$74.4 million in monthly recurring revenue. Indeed, the future looks bright for this young company.

Shopify has a world-class management team

Founder-CEO Tobi Lütke was the individual who wrote the very first line of code in what would later become the Shopify platform. Today, he remains very actively involved in the company's day-to-day operations. He is known for his very long-term view for the company, willing to sacrifice short-term performance in hopes of optimizing the company's chances of success in the long run. Lütke also has a lot of skin in the game, holding more than a 6% ownership stake in the company.

Other notable members of the Shopify executive team include Harley Finklestein and Jean-Michel Lemieux. In addition to fulfilling their roles with the company, both individuals have been known to be very active on social media. They have been engaging with merchants and other interested parties throughout the year in hopes of ensuring Shopify stays on its path to make commerce greater for everyone.

Foolish takeaway

Investors, both institutional and retail, remain bullish on Shopify. Some of the many reasons for this sustained sentiment include Shopify's large addressable market, attractive business model, and outstanding management team. Shopify stock has increased more than 176% in 2020, but investors around the world continue to expect big things from the company moving forward.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. canada
2. growth
3. growth stocks
4. investing
5. long term growth
6. Retail
7. Shopify
8. Shopify Stock
9. Stocks
10. tech
11. tech stocks
12. technology
13. technology stocks
14. tsx growth stocks

15. tsx tech stocks

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. canada
2. growth
3. growth stocks
4. investing
5. long term growth
6. Retail
7. Shopify
8. Shopify Stock
9. Stocks
10. tech
11. tech stocks
12. technology
13. technology stocks
14. tsx growth stocks
15. tsx tech stocks

Date

2025/09/30

Date Created

2020/12/16

Author

jedlloren

default watermark

default watermark