



Should You Still Buy Shopify (TSX:SHOP)?

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of the best growth stocks on the market. Over the past few years, the stock has shot up into the stratosphere. But [will that growth continue](#)? Let's try to answer whether you should still buy Shopify.

What Shopify does

In short, Shopify is a platform that allows merchants to setup an online storefront in a fraction of the time that traditional means required. The company also offers POS support for in-person transactions. The company generates revenue through multiple channels, including processing and transaction fees, as well as POS hardware and referral fees.

In recent years, Shopify has partnered with a variety of commerce and social media giants, which has led to product promotion across multiple channels. This in turn leads many small and large businesses alike to prefer the one-shop approach that Shopify offers.

In terms of numbers, Shopify now boasts over 1,000,000 businesses across 175 different countries on the sales platform. Collectively, that represents over US\$200 billion in sales traversing the platform.

Beyond that extensive reach, Shopify has over 4,000 apps that integrate with the platform which enable other functionality or connectivity options.

What the market wants

Given the incredible rise of Shopify over the years, some investors might be wondering if it's [time to sell](#). To be fair, that's an honest question. Shopify's growth this year was partially fueled by the COVID-19 pandemic that pushed traditional retail to Shopify's platform. With vaccinations now being administered, it's not too far-fetched to see a time within the next year that some semblance of a pre-pandemic normal will return.

The keyword in that statement is “some.” The push to platforms such as Shopify and online commerce was already occurring *prior* to the pandemic. More importantly, that shift will continue after the pandemic as well, which is good news for existing and prospective Shopify investors.

While the growth may not be the phenomenal 190% return we saw in 2020, it will continue well into 2021 and beyond. Across the Canadian market alone, online sales still haven’t managed to hit the penetration levels seen in other markets. Other markets across Asia and in Africa have even lower levels.

Will you still buy Shopify?

Despite the meteoric rise of Shopify, there is still room for the stock to grow further. This runs contrary to the common view that it’s just smaller companies that can offer superb growth.

For Shopify, that growth will come from acquisitions, additional bolt-on products, and expansion into new markets. In short, yes- you should still buy Shopify!

Buy it, hold it, and get rich.

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