



Shopify Stock: Buy, Sell, or Hold at \$1,500?

Description

It can be difficult to handle high-flying growth stocks. For investors that aren't in the stock already, it could be painful waiting for an entry. Those that already own the stock don't have it any easier. Many investors will constantly need to fight the urge to lock in their gains. In this article, I will discuss the current state of the company and what investors should do with Shopify stock hitting new all-time highs.

This is a generational growth stock

Every decade can be summed up by the big emerging trends of that time. In the 2000's, smartphones were the hottest thing and investors saw **Apple** emerge as a market leader. In the 2010's, social networking became an essential part of everyday life. We use it for business, education, pleasure and so forth. As a result, companies like **Facebook** saw massive gains over the decade.

In the 2020's, e-commerce is going to lead the way. We are already seeing companies in this space, around the world, benefit from an increase in adoption. Shopify is different in the sense that it isn't really consumer-facing. So unless you're a developer, merchant, or investor, there is a good chance you aren't very familiar with the company.

Shopify's business allows merchants of all sizes to operate online stores. The company's leadership team has done an incredible job of bringing its mission of "[making] commerce better for everyone" to life. To date, Shopify claims more than 1,000,000 merchants as customers. These include first-time entrepreneurs to large cap public companies.

The business model is exceptional

Shopify's business model is largely subscription-based. For as little as \$29 per month, merchants can run their online store on Shopify's platform. As these businesses see success, many are incentivized to upgrade their plans to the more expensive options. This allows Shopify to grow its revenue without having to rely on finding new merchants every year. In fact, Shopify's monthly recurring revenue (MRR) has not decreased since Q2 2014. Since then, its MRR has increased from \$5.1 million to \$74.4 million!

Shopify also provides a number of tools that ensure merchants have everything they need to succeed. This includes POS hardware, payments support, logistics, small-business loans, and more. The company's partnerships with **Amazon**, Facebook, **Walmart** provide merchants a variety of options in terms of gaining exposure.

The things that investors often miss

While there is no doubt that Shopify will benefit from an ever-growing e-commerce space, there is so much more to its business than just that. The company launched a [TV and film production branch](#) in 2019. In August, Shopify Studios premiered a **Discovery** series titled "I Quit."

The company has also hinted at entering the e-sports scene when it hired Team Liquid's TLO as its esports program manager. For investors that look for options in the companies in which they invest, Shopify is as good as it gets.

Foolish takeaway

Shopify is a company that investors often need to think really hard about in terms of what they should do with the stock. I believe that it is still a massive buy, even at these elevated levels. The company has shown an ability to execute with its plan and is entering a number of growing markets. Shopify has already rewarded investors tremendously [since its IPO](#), but the company should keep growing from here.

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