



## Shopify or Tesla Stock: Here's the Better Buy Today

### Description

**Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Tesla Inc** ([NASDAQ:TSLA](#)) have been two of the top-performing stocks over the last few years. These two companies are some of the most revolutionary businesses you can buy today.

Both stocks have been key contributors in driving major disruption and innovation in their respective industries. So naturally, their incredible potential has earned these stocks a tonne of interest from investors.

While both are great businesses, that doesn't necessarily mean they are great investments today. Valuation plays a major role in whether a business is worth an investment.

We want to find stocks like Tesla or Shopify that have major long-term potential. However, they need to be priced at a valuation that makes sense and can continue to grow as the company increases shareholder value.

Over the last few weeks, both companies have fallen quite considerably during the tech selloff. So with that in mind, let's look at which stock is the better buy between Tesla and Shopify.

### Tesla stock

Tesla is a revolutionary stock much like Shopify. Electric vehicles are the way of the future, and so is self-driving technology. So with Elon Musk's company being a leader in both spaces, Tesla has a tonne of long-term potential.

The incredible disruption that Tesla has caused in the auto industry has created a tonne of excitement about the stock. Investors want a share of this rapidly growing business which continues to gain market share.

Unfortunately, though, that interest has been so widespread that after 2020's incredible 750% increase in share price, Tesla is now [well overvalued](#).

Even at today's prices, roughly 30% off its all-time high, Tesla continues to be one of the most expensive growth stocks.

It's especially expensive when you compare it to some of the auto industry giants, which sell significant multiples of the cars Tesla does, yet, are worth much less.

Tesla's not a stock I would short, as we have seen the risks that come along with that. However, it's certainly not a stock I would invest in today. Luckily for investors, though, Shopify stock has just as much long-term potential and a much fairer share price today.

## Shopify stock

On the other hand, Shopify is a stock that also regularly trades at a premium, just like Tesla. It's one thing to trade with a premium, though, and another to be overvalued.

Investors don't have to worry about that with Shopify today, as the stock has fallen quite substantially over the last month and is trading at an attractive discount today.

While both Shopify and Tesla are revolutionary stocks in their respective industries, their position in each industry is much different.

Tesla has proven to be a rapid growth stock that's gaining market share substantially, yet it still faces stiff competition from the incumbent auto giants.

Shopify, on the other hand, has the ability to grow and acquire other competitors at such a fast rate and has differentiated its business model from competitors so well, it offers [far more growth potential](#).

So, in addition to being cheaper than Tesla, Shopify, in my view, is also the better growth stock from here.

## Bottom line

Don't get me wrong, Tesla is still a high-quality stock that should see explosive growth for years. However, Shopify's valuation is considerably more attractive today, and the stock's long-term potential is unmatched by almost any company there is.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. NYSE:SHOP (Shopify Inc.)

3. 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

## **Date**

2025/08/26

## **Date Created**

2021/03/09

## **Author**

danieldacosta

default watermark

default watermark