



## Will Shopify (TSX:SHOP) Stock Double or Drop 50%?

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) should be one of your favourite stocks. Since going public in 2015, shares have risen 4,000%. A \$5,000 investment in 2015 would be worth \$200,000 today.

Few businesses deliver rapid returns like this. The best part is that there's still time for you to take advantage.

### This is your secret ingredient

Want to make a bunch of money. Stick with tech. These businesses have led the market higher for nearly a decade. Most of the top-performing stocks each year are tech companies.

But don't stop at just tech stocks. You can drill even deeper to further stack the odds in your favour. Where should you look within the tech stock world? Focus on software stocks, *especially* platform stocks like Shopify.

"Just think about how software companies grow," I recently [suggested](#). "They simply send a download link to the new customer. Growth is instantaneous and virtually free. Contrast that with a hardware business that needs to physically produce another product to grow. Growth is slow and costly."

As a software stock, Shopify benefits from these attractive economics, but it takes these superpowers a step further via its platform approach.

"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," [explains](#) tech strategist Ben Thompson.

"The difference," he concludes, "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."

## Why Shopify stock is a buy

The best time to buy platform growth stocks is *before* the market catches on. The second best time is now. Despite a lofty valuation premium, SHOP stock is still a solid addition for investors looking for maximum growth.

Let's look at the numbers. Shopify is currently valued at roughly \$180 billion. **Amazon** has a valuation that's *ten times* higher. I expect that gap to converge over time. Why? Because Shopify is taking advantage of Amazon's strengths without needing to compete head-on.

"If Amazon is the digital Walmart, Shopify is the digital version of an independent store," I wrote last month. "There's plenty of room for both of these markets, and one dominating its niche doesn't preclude the other from dominating its segment."

How much higher could SHOP shares go? Long term, I think 1,000% upside is highly reasonable. How many stocks can you say that about?

Near term, the picture is less clear. Shares are priced for perfection, but growth rates continue to surprise. High multiple stocks often get hit during a market selloff, but there are few investors capable of predicting such events with reliable accuracy.

The conclusion here is simple: Shopify stock remains a terrific long-term buy. The core of this software stock is a platform business model, which often create winner-take-all markets. With an early lead over the competition, it's off to the races for this stock. You just need to remain consistently patient.

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2. TSX:SHOP (Shopify Inc.)

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