



Shopify Inc (TSX:SHOP): A Challenger Emerges!

Description

Shopify Inc ([TSX:SHOP](#))([NYSE:SHOP](#)) is the world's second biggest e-commerce company by revenue. Second only to **Amazon.com**, it has become a market leader. In fact, it is *the* market leader in its specific niche—self hosted e-commerce.

But recently, a challenger has emerged—a new company that is posting high growth rates resembling Shopify in its early days. As of right now, it is still trailing Shopify by a wide margin, but it could easily catch up. If it does, its stock could reward investors handsomely. In this article, I'll explore this upstart company in detail and examine whether it has the potential to dethrone Shopify as the “King of e-commerce platforms.”

BigCommerce

BigCommerce (NASDAQ:BIGC) is an e-commerce SaaS platform. It [went public this year](#). Similar to Shopify, it offers design, shopping cart and payment processing features. This particular set of features makes BIGC a true competitor to Shopify. This is different from Shopify's relationship to Amazon. While SHOP is often compared to AMZN, the two companies' business models are quite different. Amazon is a website that vendors can sell their products on, Shopify is a platform for running your own online store.

While the two business models are related, they're not the same. Shopify could never “kill” Amazon, because it doesn't do exactly the same thing. BigCommerce, on the other hand, *could* kill Shopify, as its service is in direct competition with Shopify's own. In the next section, I'll evaluate the likelihood of that happening.

How its sales stack up compared to Shopify's

Right now, BigCommerce is only doing a tiny fraction of Shopify's sales. In 2020, it did \$154 million in sales. Shopify did [nearly \\$3 billion](#). It's going to take a while for BIGC to catch up with those kinds of numbers. But it could be done. If BIGC doubled its sales every year, it would hit \$3 billion in just over

four years.

Doubling revenue every year is hard, but not unheard of. Shopify went public in 2015 and grew revenue at over 90% for three of its most recent quarters. So it's entirely possible to double your sales for a period of years even starting from a base amount in the millions.

Some other BigCommerce metrics include:

- 39% revenue growth for Q4.
- 36% revenue growth for all of 2020.
- Fourth quarter revenue growth acceleration from 20% in 2019 to 39% in 2020.
- \$33 million in gross profit for Q4 (virtually unchanged year-over-year).
- A \$10.4 million fourth quarter net loss, slightly worse than the year before.

Broadly, BigCommerce is a strong, growing company. However, its growth rates are much slower than Shopify's despite it being smaller.

Will Shopify win?

As I've shown in this article, BigCommerce is a growing company in the same industry as Shopify. That certainly makes it a *potential* competitive threat. However, it doesn't look likely to unseat SHOP anytime soon. With far lower year-over-year growth rates despite being smaller in size, it's not a serious challenger for the time being. That could change. But it won't change any time soon.

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