



## Shopify Inc (TSX:SHOP) Could Be the Next Amazon

### Description

I wouldn't be the first to tell you that **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is rapidly catching up with **Amazon** ([NASDAQ:AMZN](#)). The similarities between the two businesses are striking, and the former is growing much faster than the latter. In 2020, Shopify grew its revenue by 86%, while Amazon “only” grew by 38%. I put “only” in scare quotes, because 38% is a phenomenal revenue-growth rate for a mature company, but it's nothing compared to Shopify's pace. At this rate, Shopify could easily become the “next Amazon,” taking over a huge swatch of the global e-commerce industry in the process. And if you don't believe me, there's a superstar investor who thinks the same thing.

### Cathie Wood says SHOP is the next AMZN

Cathie Wood was the financial world's rising star of 2020. [Her flagship fund ARKK](#) delivered a 150% return that year, easily beating all relevant benchmarks. Recently, Wood started adding SHOP to her portfolios. And she's joined the growing chorus of people who think that SHOP could become the next Amazon.

In an interview with *BNN Bloomberg*, Wood said, “We're trying to figure out how Amazon is going to deal with this notion of individuals seeing something on Instagram or elsewhere on **Facebook** or on **Twitter**, or on **Snap** and just buying there... that's a Shopify-enabled commerce opportunity and we think it's going to be big.”

Wood is getting at a very important point here: Amazon may have the advantage of a built-in storefront with massive traffic. But what about sales originating from social media? Many brands that use **Facebook**, **Twitter**, and Instagram for marketing host their stores on Shopify. Facebook even [recently partnered with Shopify](#), helping businesses build branded Facebook stores. It's a tremendous growth area. And with enough luck, it could eventually become as big as Amazon itself.

### Possible price target?

So far, Cathie Wood hasn't revealed her price target for Shopify.

But given that she generally aims to "knock it out of the park" rather than mitigate risk, it seems fair to assume she's looking to double her money — or more.

Given today's prices, that would suggest Wood is aiming to get to \$2,300.

Of course, this is all speculation. Nobody really knows where Cathie Wood is expecting SHOP to go. But given her investment strategy, there is zero doubt that she thinks SHOP has "multi-bagger" potential.

## Foolish takeaway

Over the years, Shopify has defied all expectations, both as a stock and as a business. Reaching \$3 billion in annual revenue and rising over 3,000% in the markets, it has soared to heights nobody anticipated.

Today the question is, could it soar higher?

The answer, most likely, is "yes."

Shopify is perfectly positioned to profit from the trend of social/e-commerce integration. And it already has partnerships that give it an advantage in that space. Without a doubt, it has the potential to become the next Amazon or, perhaps, something even better.

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**Date**

2025/09/14

**Date Created**

2021/04/20

**Author**

andrewbutton

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