



Forget Dogecoin: Shopify Stock Is Where it's at

Description

[Growth investors](#) looking for the best place to park their money may be looking to speculative areas for growth. Cryptocurrencies such as Dogecoin are picking up steam right now as places investors are going to do so.

However, the TSX happens to have a number of great growth stocks to choose from. Among these, **Shopify's** ([TSX:SHOP](#))([NYSE:SHOP](#)) [phenomenal growth rate](#) makes this stock a top pick.

Here's why I think investors should forget the hype around crypto when looking for growth and instead look to winners like Shopify for growth from here.

Strong earnings show growth momentum

Shopify's recent earnings tell the growth story better than I can.

The company continues to blow away analyst expectations, outperforming even some of the most bullish estimates. This past quarter was no exception.

The company recorded record earnings of US\$1.26 billion in Q1 2021. This happens to be the company's third consecutive profitable quarter report. Revenue of Shopify came in at US\$988.6 million — a jump of nearly 100% year-over-year jump and a whopping \$135 million more than analyst predictions.

Shopify also announced a 114% increase in gross merchandise volume (GMV). This means merchants on Shopify's platform processed online orders that amounted to US\$30 billion. Shopify's operating loss of US\$73.2 million a year earlier is a thing of history with an operating income of US\$118.9 million last year. Importantly, earnings per share of Shopify reached US\$9.94 this past quarter.

Shopify's merchant advances amount to a staggering \$309 million — an increase of 90% year on year. It is also planning to offer bank-like facilities to its merchants. The Ottawa-based company's merchant network employs around 3.9 million and contributed more than US\$307 billion to the global economy in

2020.

Not bad, indeed.

E-commerce a place investors should want to be

E-commerce growth was already great prior to the pandemic. However, the pandemic certainly refocused a lot of businesses to accelerate their shift to online sales. Such an environment is extremely beneficial to Shopify and its shareholders.

Concerns about slower growth coming out of this pandemic are real. However, I don't see a realistic scenario where the world can go back to normal. Omnichannel retail solutions are the business model of the future. Getting in today on this growth catalyst could provide much better upside than a crypto investment — at least in my view.

Additionally, Shopify's brand has come into the spotlight of late. The company has earned a top spot among employee-friendly workplaces, ranking in Canada's top 100 employers in 2021. The astronomical stock price rise Shopify has seen is in direct correlation to not only its financial results but its company culture. These sorts of catalysts are robust and difficult to derail.

I think e-commerce is one of the places long-term investors need to be. It just so happens that Shopify remains one of the best options for global investors in this space.

Bottom line

Yes, Shopify is an expensive stock.

However, it's also a growth investor's dream. The company's year-over-year revenue-growth rate near 100% continues to blow away the competition. As far as Canadian tech companies go, Shopify stands heads and shoulders above the crowd.

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