



## 3 Reasons Shopify Stock Could Still Crush the Market

### Description

There's no doubt that **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of the best Canadian stocks of all time — maybe *the* best. What Shopify has done in just a few years, growing its business rapidly, is nothing short of incredible.

Since its IPO a little over six years ago, it's gained over 5,800%, or a compounded annual growth rate of almost 100% per year.

Much of this performance happened before the pandemic, but even over the last year, as a massive large-cap stock, it's continued to be a top performer that's been growing rapidly.

But after a huge gain in 2020, the stock had fallen out of favour, along with many other [tech stocks](#).

This was understandable at first, as Shopify has been rallying rapidly, so a cooldown in the stock was expected. Now, though, it's been [trading undervalued](#) for some time.

Here are three reasons why it still has the potential not just to crush the market but be one of the top-performing Canadian stocks for years to come.

## Tech stocks like Shopify have the potential to grow insanely quick

One of the reasons tech stocks are such attractive businesses, Shopify especially, is that these companies have the ability to scale and grow extremely quickly.

It's always important to have strong diversification and own stocks across a range of industries. Finding high-quality tech stocks that can grow their business for years, though, are some of the best, because these stocks can grow rapidly.

For Shopify, we already saw its insane growth over the last six years, up more than 5,800%. The reason its stock has grown so rapidly, though, is because of its underlying business.

Shopify's revenue was \$285 million in 2015 — the year the stock went public. In 2020, that revenue was over \$3.7 billion, which's roughly 1,200% growth. And it continues to rise, as it saw 110% year-over-year growth in the first quarter.

As we head toward the end of the pandemic, though, investors are worried that e-commerce growth could slow dramatically.

## E-commerce still has plenty of room to grow

Shopify is a stock with a tonne of positive reasons to own the stock. One of the only bearish factors that investors point to when considering Shopify is that e-commerce growth may slow down, especially as the pandemic ends and restrictions are lifted.

While that's an understandable concern, in my view, e-commerce likely won't see that much of a slowdown. There are many positive developments over the last few years that have led to e-commerce being a much more appealing option to consumers.

Over the last year especially, the massive increase in popularity has helped the industry scale and improve costs. Delivery is getting faster and cheaper, which only makes consumers want to shop online more.

Certain items, especially household goods and staples, can easily be ordered online. So, while some items like clothing or hard goods may see a slight slowdown in the volumes ordered online, there is still a tonne of long-term potential for the industry as a whole to grow.

With more merchants developing an online presence, more consumers browsing online, and costs and shipping times coming down, there's a natural snowball effect of growth over the coming years for the e-commerce industry, and Shopify is one of the leading stocks to buy in the space.

## Tech stocks are gaining momentum

Lastly, one of the main reasons you want to buy Shopify today is because tech stocks look like they could be gaining favour again.

You never want to buy a stock solely for its short-term potential. However, because we know Shopify is an incredible business and one of the best Canadian stocks to [own for the long term](#), taking advantage of short-term momentum seems prudent.

Tech stocks started 2021 off strong. However, many, including Shopify, pulled back. It's one of the top stocks I've been [recommending to investors](#) over the past month, as it's been trading extremely cheap.

So, if you've been considering adding Shopify to your portfolio, I'd do so soon, this top stock will continue to crush the market for years, and it's only getting more expensive.

## CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. 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. Stocks for Beginners
3. Tech Stocks

### Date

2025/08/12

### Date Created

2021/06/21

### Author

danieldacosta

default watermark

default watermark