



## The 1 Growth Stock You Should Buy Today

### Description

[Growth stocks](#) have been trending downwards for much of this year. For many investors, that's caused them to become hesitant in buying shares of growth stocks. However, it's during times like these where investors should keep a cool head. The ability to spot opportunities during a market downturn is one of the biggest determinants in how fast you're able to achieve financial independence.

Although there are many growth stocks trading at very intriguing valuations, I believe there's one stock that investors should consider more strongly than others. That stock is none other than **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). In this article, I'll discuss why Shopify is the one growth stock you should buy today.

### The e-commerce industry

Currently, we're experiencing a massive shift in consumer behaviour. Online shopping is steadily become a more crucial part of our everyday lives. Over the past decade, that shift had been rather gradual. However, as a result of the COVID-19 pandemic, the adoption of the e-commerce industry was greatly accelerated.

Although the e-commerce industry already represents a significant portion of the North American retail industry, that's not the case in other regions of the world. Continents like Africa are still hugely underrepresented when it comes to e-commerce consumer spending. Shopify has already shown an ability to attract merchants from different parts of the world to use its platform. If it can take advantage of the inevitable growth in Africa, it could see a dramatic increase in its business.

### Why Shopify is a top stock

Since its IPO, Shopify has been a proven winner. It has steadily increased its monthly recurring revenue each quarter. In fact, since Q4 2016, Shopify has never reported a decrease in its monthly recurring revenue. The company has noted that it expects its growth rate to slow down to pre-pandemic levels.

While that sounds alarming at first, it's important to note that Shopify's growth rate during the pandemic was never going to be sustainable. In addition, it's perfectly normal for larger companies to see a decrease in its growth rate. That phenomenon is known as the law of large numbers. Shopify continues to lead its industry. In Q2 2021, Shopify surpassed **Amazon** in terms of monthly unique visitors for the first time in history. That demonstrates how large its presence within the e-commerce industry has gotten.

## Risks investors should consider

There are two risks that investors should consider. The first is indeed its slowing growth rate. Although it's perfectly normal for that to occur, investors should be aware that it may cause some institutional investors to become hesitant in the stock. This could explain why Shopify's stock has been very volatile ever since its latest earnings report.

Investors should also note that Amazon has stated its intentions to compete with Shopify in a more direct manner. It has announced that it intends to unveil [Buy with Prime](#), which allows third-party retailers to use Amazon's delivery network to fulfill orders. Currently, only merchants using Fulfillment by Amazon can use this feature. However, it's certainly an interesting development that Shopify shareholders should pay attention to.

### CATEGORY

1. Investing

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