



3 Reasons Why Shopify Should Be Your Forever Stock

Description

If you ask any investor that likes to think in terms of years instead of weeks or months, there's a good chance that they'll have thought of what their "forever stock" is. For those that haven't heard of that term before, a forever stock is one that you see yourself buying and holding forever. Of course, you may want to sell some of your position for portfolio-management reasons or if you need the money. However, with a forever stock, you could see yourself buying more shares in the future if everything lines up.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of the most popular companies listed on the **TSX**. Since its IPO in 2015, Shopify stock has gained nearly 5,500%. While this massive gain may cause some investors to think Shopify's best days are behind it, I argue that it should, in fact, [be your forever stock](#). Here are three reasons why.

The e-commerce industry still has a lot more room to grow

Although it may seem like e-commerce is a significant part of our everyday lives, it actually only makes up a very small proportion of all retail sales. [In Canada](#), e-commerce sales accounted for 2.4% of all retail sales in 2016. By 2019, online sales represented 4.0% of all retail sales. Due to the COVID-19 pandemic, and the widespread business closures that ensued, e-commerce sales rose to 11.4% of all Canadian retail sales in April 2020.

This shows that Canadians are becoming increasingly comfortable with the idea of making everyday purchases online. For those that are hesitant to think it's possible for e-commerce to account for a larger proportion of the retail market, consider that the industry represented more than 36% of all retail sales in the United Kingdom in November 2020 and January 2021.

Shopify's business is firing on all cylinders

One glance at Shopify's financials should also convince investors to consider making Shopify their forever stock. Despite the rapid growth Shopify has already experienced over the past six years, the

company shows no signs of slowing down. In 2020, the company reported an 86% year-over-year increase in its total revenue. Shopify then followed that performance with 110% and 57% year-over-year increases in quarterly revenue for Q1 and Q2 2021, respectively.

In addition to its e-commerce business, Shopify has begun to expand into different industries. In 2020, the company announced that it founded an esports team. This exposes Shopify to the rapidly growing esports industry. Shopify has also created a film and TV production company, giving it exposure to the media and entertainment industry. It's clear that Shopify aims to redefine what we think of an internet company.

It has a world-class management team

Shopify's executive team is truly exceptional. Its CEO, Tobi Lütke, founded the company in 2006 when he struggled to find an adequate e-commerce solution to sell snowboarding equipment. Since then, the company has grown to become one of the biggest facilitators of the global e-commerce industry. Lütke confirms with his board of directors, each year, that they feel he is still the best person to run Shopify. If they ever feel otherwise, he is completely willing to step aside to ensure the company stays on track.

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