



Why Shopify Is a Stock You Need to Own in 2021

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has had an incredible year. In May, the company became the largest company in Canada when its market cap surpassed that of **Royal Bank of Canada**. In fact, this had been a move years in the making, as Shopify's past three-year performance completely blew all other Canadian companies out of the water.

Earlier this year, the **TSX** announced that the e-commerce company placed in the [top spot of the TSX30](#). This indicates that Shopify stock has been the most impressive performer over the past three years (+1,043%). Its next closest peer was **Ballard Power Systems**, which posted a gain of 459% over that time. Indeed, Shopify stock has been red-hot [since its IPO](#). Does this stock still have room to grow? In this article, I make a case for why Shopify stock is one you need to own in 2021.

This company could be Canada's first \$1 trillion company

Currently, there are only four North American stocks that are a part of the \$1 trillion club; all were established in the United States: **Alphabet**, **Amazon**, **Apple**, and **Microsoft**. In order to become a stock of this size, companies need to lead an emerging, important industry for many years. For example, Apple emerged as an early leader within the smartphone space, and Amazon is the undisputed leader among online shopping companies.

Shopify is making a case for its ability to lead companies that operate within the online store builder space. Among English-speaking countries, no other provider of online store websites is used more than Shopify. Currently, it claims more than 1,000,000 merchants as customers. More impressively, the company has listed mega-businesses like **PepsiCo**, **Tesla**, and **Kraft Heinz** as customers.

Shopify's main source of revenue comes from its subscription fees and the fees that it imposes on merchants per transaction. Therefore, as e-commerce and online shopping continue to be more widely adopted, worldwide, Shopify should reap the benefits of this large trend. Over the Black Friday-Cyber Monday weekend, Shopify announced that its merchants had sold a total of \$5.1 billion worldwide. That number smashes any previous Black Friday-Cyber Monday weekend in history.

What's even more impressive is that countries like Canada have reported that online sales currently only account for about 11% of all retail sales. Considering regions like Africa have less than 1% online penetration, the growth story is clear.

Foolish takeaway

Shopify is the runaway leader among online store builder companies. This leadership position has been reflected in its stock price, which was reported to have gained 1043% at the announcement of this year's TSX30 list. If Shopify is able to maintain its leadership position over the next few years, it could very well become Canada's first \$1 trillion company. At its current market cap of about \$180 billion, the company poses a very attractive investment proposition.

Shopify is one of the top positions in my portfolio. The reasons above make it clear that every Canadian investor should consider doing the same.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. canada
2. growth
3. investing
4. Retail
5. Shopify
6. Shopify Stock
7. Stocks
8. tech
9. tech stocks
10. technology
11. technology stocks
12. top tsx stocks
13. tsx growth stocks
14. tsx 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. Tech Stocks

Tags

1. canada
2. growth
3. investing
4. Retail
5. Shopify
6. Shopify Stock
7. Stocks
8. tech
9. tech stocks
10. technology
11. technology stocks
12. top tsx stocks
13. tsx growth stocks
14. tsx tech stocks

Date

2025/07/21

Date Created

2020/12/31

Author

jedlloren

default watermark

default watermark