Amazon.com, Inc. Just Signed a Deal With This Company That Could Send its Stock Soaring

Description

Aimia Inc. (TSX:AIM) has been on a rough ride for much of the past year after losing its biggest customer, **Air Canada** (TSX:AC)(TSX:AC.B). The stock would go on to plummet from ~$9 to under $2 a share, as investors saw no hope for the loyalty management company.

Although it did stage a rally and climbed back up to $4, the sale of its Nectar loyalty program prompted another sell-off, as did the company's quarterly results, which also failed to impress investors.

However, all is not lost, and there is reason for hope that Aimia will yet again bounce back. Earlier this month, the company announced it was bringing on a major customer: **Amazon.com, Inc.** (NASDAQ:AMZN). Aimia's members will be able to earn points when shopping on the online retailer's site. This is a big win for Aimia, as there is more potential for its members given the volume that shoppers do online.

The one caveat is that in order for members to earn points while shopping on Amazon, users will have to access the Amazon.ca website through Aeroplan's portal, which is counter intuitive for consumers that normally go to make purchases online, but that could just take a little getting used to.

Other online retailers already secured

Aimia noted that it now has deals with all the major online retailers in Canada, pointing to the partnerships it already has in place with **eBay Inc**, **Apple Inc.**, and **Costco Wholesale Corporation**. In addition, Aimia has agreements with other vendors in place, although the Air Canada partnership was the most popular one among its members.

Market overreaction led to a big sell-off

There's no denying the popularity of the Aeroplan among Air Canada customers, as the two brands seemed synonymous with one another. And while Air Canada has been doing very well the past year, Aimia still has many other customers it can fall back on. After all, the deal with Air Canada is still in place until 2020, so Aimia has plenty of time to formulate a strategy and prepare for when its key partnership comes to an end.

However, when it comes to market panic, logic is sometimes ignored, as investors seem to prefer to focus on a company's impending doom.

Why this creates an opportunity for investors

The crash in Aimia's stock price saw the shares drop to an all-time low at under $1.50 per share. Although it is slightly up from that now, it still has a lot of potential upside from here, even if it can get back to recent highs of ~$4, which would double returns for investors.

Aimia still has a fair amount of risk, but it is making a strong effort to change its customer base and adjust its business model as it needs to, and it's hard not to be a little excited about the news that it's partnering with one of the most popular companies in the world.

The share price has started to stabilize over the past month, and there is renewed hope that Aimia could turn things around yet again.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. TSX:AC (Air Canada)
3. TSX:AIM (Aimia Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date
2025/08/28

Date Created
2018/03/27
Author
djagielski