A Cheap Growth Stock That I'd Buy Today

Description

Growth stocks can be great long-term buys, but finding which one will be the next big one is a challenge to say the least.

While you can certainly just try and load up on established ones that have already achieved significant growth, the problem is that the potential return that could be earned from those stocks will be limited, especially with their share prices likely trading at large multiples.

Low-priced stocks have a lot more room to grow because their market caps are likely fairly small, and the prices are appealing to many investors, especially those that don't want to spend hundreds of dollars to own just one share of a company.

One stock in particular that could provide great growth for investors over the years to come is **Aimia** (TSX:AIM). The company has had an eventful year on the market with a lot of drama producing some significant swings in share price.

Aimia's stock went over a cliff back when **Air Canada** (TSX:AC)(TSX:AC.B) announced that it would be ditching the company's loyalty program, the Aeroplan, in favour of the airline's own loyalty plan. Despite the big drop in price, the stock has since recovered, and in a big way. In three months, Aimia's share price has risen more than 80%, as it has just about fully recovered from where it was at the start of the year.

A big reason for the recent recovery was the boost in share price Aimia got when it announced that it would be getting into the airline industry. It wasn't long after that announcement that Air Canada — along with a few other companies — made an offer to buy the Aeroplan entirely, perhaps in part to prevent a potential rival from entering an industry that's seen little competition over the years.

Aimia ultimately chose not to accept the offer and has since announced deals with other airlines, including **Transat AT Inc**. The loyalty company, up until now, had been mainly seen as the Aeroplan company, and that's why when its key customer Air Canada announced it was leaving the program in 2020, investors panicked, and sold the stock immediately.

Aimia's ambitious plans show investors that it isn't entirely dependent on Air Canada for its success, and that it has many other partners it can work with. And by getting into the airline industry itself, it can leverage the knowledge and information that it has from its loyalty members to provide a product that is tailored to the needs of its customers.

Bottom line

Aimia has many challenges ahead of itself, there's no doubt about that. In four of the past five years, the company has recorded an operating loss, and sales have been falling for three straight years.

A growth stock isn't without risk, and it's the potential that investors are often after. Now that Aimia is looking beyond its agreement with Air Canada, the company will be able to try new and more innovative things to grow its brand, and that should make investors excited about what the future may bring for the stock.

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