



Shopify (TSX:SHOP) vs. Lightspeed (TSX:LSPD): Which Is the Better Buy?

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed POS** ([TSX:LSPD](#)) stock are white-hot right now. At the time of writing, Shopify and Lightspeed stock are up 160% and 184%, respectively, from their coronavirus-induced March lows.

Both companies are providing invaluable services to their small- and medium-sized business (SMBs) clients and are seen as a lifeline amid the coronavirus pandemic.

I've pounded the table on both stocks when they collapsed on the [coronavirus crash](#). Although it seems like you missed the opportunity, I still think there's more upside to be had, as I believe subscriber growth will still be robust as this pandemic drags on into year-end.

If you've got the appetite for [high-risk/high-reward investment](#), you may want to consider getting some skin in the game today with the intention of doubling down on a meaningful pullback. But which, if any, is the better hot stock to bet on?

Shopify

This e-commerce tech titan needs no introduction. Shopify has been one of hottest stocks on the planet in recent years and has continued to defy the laws of gravity amid the coronavirus pandemic.

The company offers a terrific service alongside off-the-charts growth potential, but the valuation is above and beyond what even growth investors would consider being expensive, with shares trading at over 51 times sales (that's sales, not earnings).

There's no question that Shopify has a newfound tailwind that's accelerating merchant growth. But at these unprecedented heights, it seems as though valuation no longer matters to investors who continue to pile into the stock in droves.

The company has been bombarded with good news recently. And although the company is proving to be more recession resilient than most initially thought, Shopify stock is far too hot to handle at around

\$1,200.

If you purchased the stock when I pounded the table on the name back in March, it can't hurt to take your principal off the table as you look to play with the house's money.

And if you're looking to initiate a position, I'd urge you to sit on the sidelines as you wait for a better entry point. If you're keen on the name, however, I'd urge you to nibble your way into a full position slowly.

Lightspeed POS

Lightspeed is starting to fall on the radar of Main Street after nearly tripling in a very short period. In many prior pieces, I noted that Lightspeed was potentially the next Shopify and that shares of LSPD had no business being down over 70% on the coronavirus crisis.

Yes, a considerable chunk of the firm's clientele are among the most vulnerable. However, I noted previously that the firm isn't just a POS play despite the name.

It also had a compelling e-commerce platform and a growing lineup of wonderful platforms (Lightspeed Delivery and Payments) that the firm could easily upsell to its merchant base, especially in times of severe hardship.

While it seems as though the stock has already corrected to the upside, the stock has a heck of a lot more room to run relative to the ridiculously frothy shares of Shopify. Yes, Lightspeed stock nearly tripled in a matter of weeks, but given the unprecedented collapse in shares, the stock remains 30% below its all-time high.

And the better buy is...

At 15.2 times sales, Lightspeed is hardly a bargain, but compared to Shopify stock, it looks to offer the better risk/reward trade-off for those looking to ride on a seemingly unstoppable momentum stock.

Shopify will probably continue to defy the laws of gravity, but as one of the most expensive stocks you're likely ever to come across, Lightspeed is looking like the better bang for your buck as it looks to return to its all-time highs.

CATEGORY

1. Coronavirus
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2. TSX:LSPD (Lightspeed Commerce)
3. TSX:SHOP (Shopify Inc.)

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Date

2025/08/19

Date Created

2020/05/26

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