



## A Beginner's Guide for Investing in E-Commerce

### Description

The COVID-19 pandemic has thrown some sectors back years. In the worst cases, like the movie theatre industry, there are fears that its impact could represent a mortal threat. But some spaces have received a boost due to the pandemic. Retailers have faced massive challenges in 2020. Consumers in North America and around the world were already moving progressively to digital channels. However, the COVID-19 pandemic has accelerated the growth of e-commerce.

Today, I want to discuss how new investors can jump in on some of the best e-commerce stocks Canada has to offer.

## This top e-commerce stock has soared over the past five years

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is an Ottawa-based technology company that debuted on the TSX back in 2015. It provides a cloud-based multi-channel commerce platform for small- and medium-sized businesses around the world. Shares of Shopify have climbed 178% year over year as of close on September 10.

Earlier this month, I'd discussed the [promising growth trajectory](#) in the e-commerce software space. Grand View Research recently projected that the global e-commerce market would grow at a CAGR of 16.3% from 2020 through 2027. In Q2 2020, Shopify delivered total revenue growth of 97% to \$714.3 million. Meanwhile, gross profit increased 83% to \$375 million.

This company continues to draw huge attention due to its high-growth potential. Moreover, it boasts an immaculate balance sheet. Investors who are looking to start in e-commerce can do a lot worse than Shopify to kick off this decade.

## Don't sleep on this under-the-radar TSX stock

**Lightspeed POS** ([TSX:LSPD](#)) is another e-commerce software stock that often lives in Shopify's shadow. This should not be the case. Lightspeed stock has increased 16% in 2020. The company has

managed to distinguish itself as a top technology stock on the TSX that is worth targeting in the e-commerce space.

Investors got a look at the company's first-quarter fiscal 2021 results on August 6. Recurring software and payments revenue climbed 57% year over year. Meanwhile, total revenue rose 51% to \$36.2 million. It posted an adjusted EBITDA loss of \$2.2 million — down from its loss of \$5.1 million in the prior year. Like Shopify, Lightspeed also possesses an excellent balance sheet.

Lightspeed does not possess the dynamic growth potential of Shopify, but it is still a worthy target that has managed to rack up recurring revenue growth in recent quarters.

## One Canadian retailer that bet early on e-commerce

Some retailers have fallen behind by putting a large stake in brick-and-mortar locations. Institutions like Sears Canada that had thrived for decades were forced to shutter their doors under this pressure. However, other retailers have adjusted far better. **Canada Goose** has been conservative with its on-the-ground store openings and has [invested a lot](#) in its e-commerce channels.

Canada Goose is entering the busy season in the next few months. In fiscal 2020, the winter clothing retailer fought off tough headwinds and achieved revenue growth of 15.4% to \$958 million. Moreover, the stock possesses a price-to-earnings ratio of 28. This puts it in favourable value territory relative to industry peers.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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

### PARTNER-FEEDS

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