



Santa Claus Rally: 2 Stocks to Gain From Christmas Shopping

Description

The Christmas season is fast approaching. And you know what that means: *holiday shopping!* While the COVID-19 pandemic has changed the face of retail, people are still going to be loading up on gifts for their friends and families. This year, they'll likely be doing more shopping than ever before online. If you want to claim a piece of the action, here are two stocks that could profit from this year's Christmas shopping spree.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is one business that has already gained massively from holiday shopping. In 2020, its vendors did \$5.1 billion in sales on Black Friday. That's up from \$2.96 billion last year. Black Friday shopping is part of the Christmas shopping season, so in a sense, SHOP's holiday shopping boost is already happening.

That's not to say it's over though!

The Christmas shopping season is still in full swing, and there are still plenty of gifts left to buy. This year, Shopify is going to move more than its share of them. With major cities in North America once again in partial lockdown, more people than usual will do their Christmas shopping online. This will benefit Shopify, whose revenue was up 97% and 96% in the two most recent quarters.

Make no mistake, Shopify is already an expensive stock. Its P/E ratio is nearly 700, and it trades at 20 times book value. Nevertheless, when a company grows at nearly 100% year over year, it commands a premium price. If SHOP posts another epic beat on the strength of Black Friday and Christmas sales, it could have some short-term upside.

Lightspeed

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is, like Shopify, a Canadian startup heavily involved in the e-commerce industry. Initially, it started as a retail POS system, but it branched out into e-commerce.

It's having big success in that area. In its most recent quarter, revenue was [up 62% year over year](#). Part of that was due to [e-commerce revenue](#), which the company said was higher than expected. E-commerce sales grew by 80% year over year, the biggest win of any single segment within Lightspeed's business.

So, Lightspeed's traditional focus on retail didn't hurt it at all. It simply helped its vendors establish their e-commerce platforms and scored another beat that way. It's been well known for years that Lightspeed has been providing its retail vendors with e-commerce infrastructure. In the second quarter, we saw that strategy bear fruit.

Foolish takeaway

There's always plenty of money up for grabs in the holiday season. This year, however, it's tech companies rather than retail stores that will benefit. 2020 has seen a massive shift to online shopping. By providing the infrastructure that powers online sales, tech stocks like SHOP and LSPD benefit from this trend. Nobody really knows how long this trend will go on for. When the vaccine arrives, retail will slowly but surely bounce back. One thing is for sure though: at least in this quarter, e-commerce-oriented tech companies are going to crush it.

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