



Boxing Day Shopping: Buying These 2 Growth Stocks Today May Be a Bargain in 5 Years

Description

For many new investors, it may be tough to invest in growth companies that have already seen incredible returns. For example, investing in a company like **Constellation Software** in January 2014 may have been unappealing in terms of growth for many individuals.

At this time, the stock had already returned more than 1,100% since its Initial Public Offering (IPO). However, looking back, an investment at that time would have been a great decision. Since then, the stock has returned nearly 700%.

Clearly, past performance should not intimidate investors from entering a company. There are some companies that will have returned massive gains to investors, but also have incredible tailwinds that may continue its growth. In this article, I will discuss two companies that may seem very expensive today that could be massive bargains when looking back five years from now.

e-commerce set to thrive in the coming years

Prior to this year's pandemic, the growth of e-commerce had been documented as being positive, albeit rather slow. In 2016, [online sales accounted](#) for 2.6% of all retail sales in Canada. The adoption of online shopping continued to increase over the years, reaching 4.0% in 2019.

In April 2020, e-commerce represented 11.4% of all Canadian retail sales, nearly tripling the highest recorded levels from the previous year. Clearly, the COVID-19 pandemic has accelerated the adoption of e-commerce by a factor of years.

Two companies that seek to greatly benefit from this shifting consumer behaviour are **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)). Both companies have seen incredible growth this year and since their respective IPOs. As of this writing, Shopify stock is up about 200% year to date and more than 4,400% [since its IPO](#). Lightspeed stock has gained 138% this year, and nearly 370% since its 2019 IPO.

While many investors may see these numbers and fear that the best days are behind both companies, I would strongly disagree. Canadian online shopping penetration rates are much lower than other areas around the world. For example, in the United Kingdom, online shopping has represented at least 10% of all retail sales since September 2013. In November 2020, online shopping accounted for 36% of all retail sales, smashing the region's adoption rate in April 2020 (32.9%).

If Canadian e-commerce even doubles in terms of penetration, it would result in significant growth for Shopify and Lightspeed. What's even crazier is that a doubling in Canadian online shopping still wouldn't bring it to the same levels seen in the United Kingdom.

It is also important to keep in mind that Shopify and Lightspeed are international companies. There are regions, like Africa, where ecommerce represents about 1% of all retail sales. If the two companies are able to penetrate those markets, they could see unfathomable growth from here.

Foolish takeaway

Investors often get scared away from growth stocks that have seen incredible growth over a certain period of time. Whether that be since a company's IPO, or over the past year, investors often try to enter positions before a big run-up. However, if the stock in question still has a very long growth runway ahead, then it may be a great decision to enter the position anyway.

Shopify and Lightspeed are two global leaders among e-commerce-enabling companies. The industry may still very well be in its infancy. Both companies are certainly expensive, according to valuation metrics, today. However, looking ahead at the possibilities moving forward, it is completely likely that today's prices may be considered a bargain in the future.

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2. Tech Stocks

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TICKERS GLOBAL

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

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