



## Forget GameStop: Here's a TSX Gaming Stock You Should Buy Today

### Description

The investing world was struck by a social media storm in late January that captured mainstream attention. Reddit users banded together to rally behind **GameStop**, a struggling video game retailer that had been targeted by some of the most prominent short-sellers on Wall St. Today, I want to discuss why investors should avoid the pumped-up GameStop and instead focus on another promising gaming stock. Let's jump in.

### GameStop: Has midnight struck for the Cinderella story?

In late January, I'd discussed the Reddit and [GameStop phenomenon](#). Social media users also poured into shorted stocks like **AMC Entertainment**, **Nokia**, and the TSX-listed **Blackberry**. Many of these stocks surged to 52-week highs on the back of this momentum. However, the party seemed to grind to a halt as quickly as it began.

Shares of GameStop soared as high as US\$483 in the middle of the final week of January. The stock was trading just above the US\$50 mark as of early afternoon trading on February 10. Retail investors who dove into the frenzy have been pummeled. The GameStop story seems to have come and gone. However, this does not mean that investors should turn up their nose at the video game industry.

Today, I want to discuss why this market is still worth your attention. Moreover, I want to look at a gaming stock alternative that has delivered terrific returns over the past year.

### Why investors should still look to gaming stocks

The video game industry has been transformed since the late 2000s. This was once a niche market that was dominated by adolescent and young adult males. The industry has broadened its demographic reach over the past decade and a half.

A recent report from Grand View Research said that the global video game market was valued at \$151 billion in 2019. It projected that the market would grow at a CAGR of 12.9% through to 2027. The

growing access to gaming via the internet has played a key role in powering this growth. That is why companies like GameStop have fallen out of favour.

**Enthusiast Gaming (TSX:EGLX)** is engaged in the media, events, and eSports businesses on a global level. The rise of gaming has fueled the burgeoning eSports space. This market is on track to exceed \$1.5 billion by 2023. Moreover, eSports viewership is expected to expand by 9% over the period covering 2019 through 2023. An eSports tournament is also set to take place in the lead up to the next Olympic Games.

Shares of Enthusiast Gaming have climbed 234% year over year. I'd suggested that investors [jump on this stock](#) in January 2020. The company released its third-quarter 2020 results on November 16. Revenue soared 133% year over year to \$16.3 million. Moreover, direct sales rose 67% to \$1.0 million. It introduced two new paid subscription offerings: Siliconera+ and The Escapist+.

Revenue is well positioned to achieve strong growth in the quarters ahead. Better yet, Enthusiast has bolstered its balance sheet with its most recent bought deal public offering. Investors should target this promising eSports focused TSX stock over GameStop today.

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