Why E-Commerce Investors Are About to See Another Boom!

Description

It cannot be denied that 2020 was the year e-commerce made its true debut. The industry became a necessity during the COVID-19 pandemic. Yet this growth was predicted before the pandemic even started. E-commerce is set to outpace brick-and-mortar locations in the next few years, but the pandemic sped up the process.

Yet as vaccines roll out, many investors worry that e-commerce stocks will crawl back to pre-2020 levels. That's simply untrue. While 2020 was a huge year for growth, a year that cannot be replicated, it's only the beginning of growth for this industry.

Predictable growth

What I like about e-commerce stocks is the revenue is predictable. While shares aren't predictable, that revenue growth is. This comes from recurring revenue from subscriptions. No matter what kind of e-commerce company you invest in, that recurring revenue isn't likely to collapse in the next few years.

What the pandemic taught both consumers and business owners is that an online presence is a necessity, even if you're a mom-and-pop joint. While that growth exploded during the 2020 pandemic, it hasn't stopped. Many business owners are likely to get online, as the world continues to change and consumers want products and arguably safer way. Thus investors are likely to see fairly predictable growth in their shares as well as earnings come in each quarter.

Diversified e-commerce portfolio

Just because you invest in e-commerce doesn't mean you can't have a diverse portfolio. In fact, there are many ways to invest in several e-commerce-related stocks. These stocks have all seen massive growth during the pandemic, but are likely to see more even in a post-COVID world.

One just stock I would consider first and foremost is **WPT Industrial REIT** (TSX:WIR.U). This company owns and operates 108 light industrial properties across North America, where e-commerce companies store and ship products. It has several contracts with enterprise e-commerce companies, and revenue has been climbing steadily. So have shares, which are up 90% since the crash as of writing, and with 5.12% dividend yield to boot. So, even if e-commerce goes through dips, you can still look forward to dividend income.

Another stock to consider is **Cargojet** (TSX:CJT). The company inked a deal with **Amazon** for a 9.9% stake in the company pre-COVID. Since then, it's practically reached its deal to provide $600 million in revenue and have Amazon sign on for a 14.9% stake. The company's explosion in revenue means it can now expand even more internationally, and with a larger fleet of vehicles. So, those looking for a stock with major growth potential, Cargojet remains an excellent choice — especially with a very reasonable 4.6 price-to-sales ratio.

But, of course, let's not forget the major player. **Shopify** (TSX:SHOP)(NYSE:SHOP) is a solid buy right now in my opinion. It was just shy of $2,000 per share before the tech selloff, bottoming out at about $1,350 per share before climbing again. It's now stabilized, but that won't be for long. The company admits the results of 2020 cannot be made twice, but growth is still well underway. It has projects that have yet to come online and pull in revenue, and subscription solutions have exploded. All that cash will see shares soar when reported. So, now is a great time to buy up this stock, in my opinion.

Bottom line

E-commerce is far from over when it comes to growth in this industry. While you don't necessarily have to buy the brand-name options, you can still create a diverse portfolio affected by e-commerce growth. These three stocks are excellent options to buy up in an e-commerce pullback. Then, as always, hold long term and you won't be sorry.

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Author
alegatewolfe