



Why This Small Canadian Stock Could Be the Next Roblox

Description

Recently, **Roblox** ([NYSE:RBLX](#)) has grabbed a lot of [headline attention](#) with its \$45 IPO. Indeed, its booming IPO has also been successful in garnering a considerable amount of attention from growth investors. Today, shares of RBLX are still approximately 50% higher than its IPO.

Judging by this steep rise, it's clear investors are bullish on Roblox's business model. Accordingly, investors looking to play growth in the digital gaming sector may want to take a close look at Roblox's worthy competitors. If you ask me, my top pick right now would be **Spin Master** ([TSX:TOY](#)).

Here's why I think Spin Master can take advantage of this momentum and may turn out to be a better pick than Roblox over the long run.

Adding growth to its already impressive core toy business

You may not consider Spin Master to be a direct competitor of Roblox. However, there is a high probability that these companies may eat into each other's target market down the line.

The stock of this Canadian designer and manufacturer of toys is rapidly emerging as a hot favourite. It clocked record growth across its digital gaming segment amid the pandemic. Indeed, investors will note massive year-over-year growth of more than 400% in the company's digital gaming segment. A large chunk of this success is due to its Toca Life World App's crazy popularity on social media. This underscores Spin Master's solid digital presence and potential in the market.

The company has managed to create a diversified brand portfolio and innovative digital entertainment segment. I can only imagine what's on the horizon for Spin Master moving forward. This is one of my top picks in the innovation department in a sector that otherwise is quite boring.

All eyes on the consumer discretionary sector

The world has been cooped up a little too long indoors. Indeed, there's a tremendous amount of pent-

up demand for discretionary goods. North American consumers have been given a big boost by the pandemic in terms of savings and investing rates. I think this bodes well for companies with attractive product offerings in the consumer discretionary sector.

Indeed, I believe there's a wave of capital just waiting to be unleashed in North America. Consumers are looking for places to spend money right now. Accordingly, investing in companies with attractive product offerings like that of Spin Master could prove to be a lucrative move.

Bottom line

I think there is a real reason to be bullish on Spin Master stock over the near, medium, and long term.

This stock has already shown excellent performance, courtesy of the company's innovative business model. However, based on market trends and forecasts, I think the dice are loaded in favour of Spin Master shareholders right now.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. growth
2. growth stocks
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TICKERS GLOBAL

1. NYSE:RBLX (Roblox)
2. TSX:TOY (Spin Master)

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