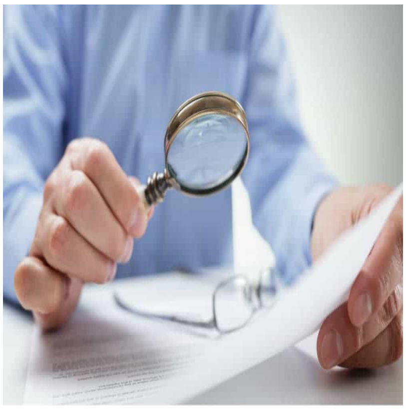

The Next Roblox: A Cheaper Canadian Alternative

Description

The recent **Roblox** (NYSE:RBLX) IPO has certainly grabbed a lot of attention, and for good reason. Retail investors have been waiting for this highly anticipated IPO for some time. With an initial offer price of $45, Roblox quickly shot more than 50% higher on its first day and continues to trade around 50% above its offer price.

Thus, many investors may be out there looking for the next Roblox. Indeed, such a company must exist.

However, one such company that may be flying under most investors' radar screens right now that has some surprising similarities to Roblox is **Spin Master** (TSX:TOY).

Indeed, I think this is a stock growth investors might be missing right now. There's tonnes of momentum in the digital gaming world. However, Spin Master is most often known for its physical toys and IP for popular children's toys and games.

Here's why this company should be in the discussion for investors looking for Roblox-like returns right now.

Digital gaming segment the diamond in the rough

As mentioned, Spin Master is most commonly known as a toy company. The company's created a number of iconic brands such as Paw Patrol and Hatchimals. Those without kids might not know what these brands are. However, let's just say, they're popular.

However, the company's digital gaming segment is one that has gotten a lot of attention of late. In fact, the company reported 400% growth in this segment last year. Spin Master's Toca Life franchise has taken off. Users are able to interact in many of the same ways as in Roblox's key platforms. The company's seen an impressive rise in downloads and in-app purchases as a result. Indeed, this looks to be a key growth driver for the company moving forward.

A great deal of Spin Master's revenue growth this past quarter was a direct result of its digital gaming segment. Accordingly, I think this is likely to be a key focal point for long-term investors moving forward.

Consumer discretionary stocks "in" right now

Investors want to own stock in companies that provide a reason for consumers to spend money.

To me, that sounds a heck of a lot like Spin Master right now.

Even putting the company's digital gaming segment aside (which is hard to do, since it's a key growth driver for the company), Spin Master's core portfolio of brands is strong in its own right.

There's burgeoning demand for highly discretionary items right now. Consumers have been pent-up and could spend like crazy this coming Christmas season, if expectations are to believed.

Thus, for those considering a reopening play right now, Spin master is an intriguing choice.

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