



GameStop (NYSE:GME) or BlackBerry (TSX:BB): Which Is the Better Turnaround Stock?

Description

Just when you thought it was game over for **GameStop** ([NYSE:GME](#)) stock after its weak earnings report, the stock bounces back with a fury just a day after its stock collapsed.

Double-digit percentage daily moves are the [norm](#) in the era of bid-up meme stocks, short squeezes, and the retail army at Reddit's WallStreetBets. GameStop isn't just a once-in-a-lifetime short-squeezing opportunity to bring the pain to the hedge funds, though. It's a turnaround play that very well may prove its worth as a \$200 stock.

To most folks, GameStop is a [stressed-out](#) mall-dweller that's fallen behind the times. Sure, there's nostalgia, but as more and more consumers download their games, the GameStop turnaround story seems less likely by the day.

Gamestop stock: Game on or game over?

With a focus on merchandise and other opportunities, though, I think it's unwise to bet against the name, especially given the growing number of strong-handed investors (so-called diamond hands) at WallStreetBets that are more than willing to go down with the ship. Not to mention that WallStreetBets, led by Roaring Kitty, have given the struggling videogame retailer a new breath of life. If this is the start of GameStop's epic turnaround, the managers running the show have none other than Roaring Kitty (Keith Gill) to thank.

Most recently, GameStop hired top **Amazon.com** exec, Elliot Wake, as its chief growth officer. GameStop's management has been given a major shake-up of late, and with Wake on board, I think it'd be foolish (that's a lower-case "f," folks!) to count GME stock out of the game.

Should you bet on GameStop stock?

GameStop stock is on a fine line between crashing back to the double digits and surging back to the

levels it peaked out back in late January.

I've seen some absurdly bullish articles published over this past week, some of which made a case for GME stock climbing to US\$1,000. Such a move would be insane but extremely unlikely, given we're unlikely to see short interest exceed 100% of a stock's float.

In an era of bubbles and Bitcoin, though, I suppose *anything* is possible.

While there are many digital levers that GameStop could pull to justify its triple-digit price tag, I can't say that I understand the turnaround story in the slightest. If GME stock is in your circle of competence, then more power to you (and the players). If you're like me, though, I think there are better deep-value turnaround plays that could offer you more bang for your buck.

The case for BlackBerry as a top turnaround play

If you're hungry for a turnaround play, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) looks to have a far better value proposition at this juncture. The stock is fresh off a 66% collapse, making it ripe for picking, as the firm looks to bounce back from its latest quarterly flop. The QNX business is still dragging its feet, and with patent sales likely to weigh on revenue growth, the name will not be everybody's cup of tea.

If you're looking for a deep-value play to buy and hold for decades at a time, though, BB stock is a better buy than GameStop. First, BlackBerry has turnaround artist John Chen running the show. While the company may need another few years to prove itself to skeptical analysts on the Street, there's a lot of potential reward to be had for those willing to buy and forget the name, as it continues fading into the background.

Just make sure you're willing to hold the stock for at least another five years because BlackBerry's transformative efforts are not going to turn the ship around overnight. Given the numerous moving parts, it could take at least another year before the firm posts a magnitude of organic growth to induce analyst upgrades.

With COVID-19 headwinds to fade in late 2021, though, BlackBerry is an intriguing option that isn't as at risk of closing up shop as GameStop in the digital era.

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Author

joefrenette

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