



The Next Roblox! Why This Top TSX Stock Could Be Even Better

Description

The recent **Roblox** IPO got many investors excited — and rightfully so.

This wasn't only the first direct listing of 2021. The Roblox IPO set the stage for how digital gaming companies ought to be valued in today's market. Currently, Roblox trades at a premium of approximately 50% to its initial offering price. Accordingly, investors are correctly seeking out similar companies in the digital gaming space.

Enter **Spin Master** ([TSX:TOY](#)). This small Canadian toy maker is off the radar, for the most part, from this discussion. However, I think Spin Master is an [intriguing choice](#) for investors looking at the digital gaming market.

Here's my take on why Spin Master is a great growth pick today.

Digital gaming segment a hidden gem

Yes, Spin Master is a toy company first and foremost. However, during the pandemic, investors had another growth catalyst to consider in this stock.

Indeed, Spin Master's digital gaming segment grew by a whopping 400% year over year. This growth was bolstered by the continued popularity of the company's *Toca Life World* franchise. In many ways, I think this platform is similar to Roblox's core platform. Spin Master's ability to transform its IP into usable experiences for its user base is one of the things I like most about this company. And the success Spin Master has had in its digital gaming expansion is impressive.

Spin master saw a massive increase in players interacting and sharing their gameplay on this platform. This app saw a dramatic increase in the number of downloads as well as in-app purchases. For investors, this is a very good thing.

I believe investors are only starting to take notice as Spin Master's unique growth model. Indeed, the fact that any toy maker was able to post a profit during the pandemic is impressive. Most analysts saw

a decline in discretionary spending as more likely than not. Spin Master has bucked the trend, reporting some pretty impressive numbers. And a lot of that has to do with its digital gaming growth.

Discretionary spending is gaining momentum

Of course, that's not to say the company's core toy-making business is suffering right now.

Spin Master is poised to really benefit from increased discretionary spending coming out of this [pandemic](#). Indeed, the key catalyst driving shares of Spin Master down last year is poised to really pivot to a source of strength.

As we all go out in search of ways to spend the money we've stockpiled during the pandemic, why not splurge on some toys for the little ones? I mean, we only get so much joy these days. Travel restrictions and in-restaurant dining restrictions have limited what the average person spends on discretionary items. Buying games and toys will never go out of style.

Indeed, I see a discretionary spending boom on the horizon. Accordingly, I think Spin Master is a great pick for investors looking to benefit from companies highly leveraged to this likelihood.

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