



2 TSX Tech Stocks That Are Beating Amazon at Its Own Game

Description

Amazon.com is one of the biggest tech companies in the world. It's second only to **Apple** overall, and first in the e-commerce industry. Over the years, it has grown steadily and reliably, thanks to its core online store and its growing web services business.

But now, two Canadian companies are threatening Amazon in a big way. Making huge inroads in the global e-commerce industry, they're rapidly gaining market share. In this article I'll explore these two **TSX** tech giants, and how they're beating Amazon at its own game.

Shopify

Shopify Inc ([TSX:SHOP](#))([NYSE:SHOP](#)) is a company that many Canadian investors will be familiar with. The biggest TSX stock by market cap, it's a mainstay of Canadian index funds and portfolios.

SHOP has had an incredible run over the past year. In 12 months, it has risen 51%, easily beating the market averages. These strong gains have been driven by strong earnings growth. For each of the past four quarters, SHOP's revenue grew more than 90% year over year. The last one, in particular, saw [truly phenomenal 110% revenue growth](#). Earnings were also positive in all of these quarters, showing that SHOP is not just a growth stock, but also a profitable one.

So, how is Shopify beating Amazon at its own game?

For one thing, its revenue is growing faster. In 2020, Amazon's revenue grew 38%, where's Shopify's was up 86%. Given that these are both e-commerce companies, this shows that Shopify is directly cutting in on Amazon's action. We can also gauge Shopify's success by Amazon's reaction. Alarmed by Shopify's growing sales, Amazon set up a top-secret project called "[Project Santos](#)" to investigate ways to counter the "Shopify threat." Reportedly, the project aimed to replicate parts of Shopify's business model in Amazon's own.

Lightspeed

Lightspeed POS Inc ([TSX:LSPD](#))([NYSE:LSPD](#)) is another TSX stock that's beginning to chip away at the Amazon kingdom. While it's much smaller than Shopify, it's seeing significant growth, and could eventually become an e-commerce King in its own right.

Lightspeed actually started as a retail POS company offering tablet-based sales systems to brick and mortar businesses. Initially, it was content to stick to this niche. Later, however, it branched out into e-commerce, offering its vendors a platform for running online stores. This ended up being a huge boon to Lightspeed in 2020. That year, when the world went into lockdown, many retail businesses started looking for ways to move online. Lightspeed's POS customers quickly adopted its e-commerce platform, and began making sales that way.

It was a resounding success for Lightspeed. In the first quarter after the pandemic hit, Lightspeed posted stellar growth of 60% year-over-year. By the most recent quarter, that growth was up to 79%. Most of this growth was driven by the e-commerce platform, which more than doubled in sales volume year over year. This platform provides a way for businesses to start their own, self-hosted online stores. So, it could be seen as a legitimate challenge to Amazon's e-commerce empire.

CATEGORY

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Date

2025/09/14

Date Created

2021/05/04
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