



Shopify and Lightspeed: 2 Canadian E-Commerce Stocks to Buy Right Now

Description

Many great Canadian technological innovators like [disruptive](#) e-commerce kingpin **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)) or commerce-enabling up-and-comer **Lightspeed POS** ([TSX:LSPD](#)) ([NYSE:LSPD](#)) have received a huge boost amid the pandemic. As a result, the moats of many incumbent market darlings are increasingly at risk of seeing their moats erode at a quicker rate.

Innovate or fold could become the major investing theme of the 2020s.

Except for a few old-school firms, most notably the railways, investors need to stay in the know to ensure they're holding onto shares of a firm that's well-positioned to either defend its share of economic profits or go on the offensive to take share in its market of interest or expand its circle of competence to encompass other lucrative industries.

Traditional firms that aren't making sufficient effort to defend their turf by catching up on the tech front to catch up with disruptive innovators could be most at risk. Undoubtedly, the job of traditional value-oriented buy-and-hold-forever investors has become that much harder with all the tech-leveraging disruptive forces popping up from left, right, and centre.

In the era of technological disruption, it's in the interest of young investors to go on the offensive with wonderful growth stocks that are capable of taking considerable share away from incumbent players in any given market, rather than replicating the old-school strategies of [Warren Buffett](#) and Charlie Munger, which may not achieve significant alpha moving forward.

Canadian e-commerce stocks on sale

With the recent tech and growth correction, there are many disruptive tech bargains for contrarians looking to bet big on the disruptors over the disrupted.

Higher rates and inflation woes have made higher-growth stocks less desirable despite the longer-term opportunity at hand. However, despite the less favourable environment for growth, I still see many opportunities with the shares of freshly sold-off Canadian innovators.

Consider Shopify and Lightspeed POS, two pandemic winners that I think will keep on winning for many years to come, even as pandemic tailwinds fade. The pandemic has pushed each e-commerce three or even four years into the future and I suspect both firms can build upon their 2020 strength over the next decade.

Shopify

Never bet against Shopify, even when the macro backdrop is stacked against it. Bears and skeptics have been calling the peak in Shopify stock for quite some time, and they've been wrong so far. Of course, eventually, Shopify's growth will decelerate massively, and the stock will suffer a massive fall from glory as its shares are re-valued to the downside. But with the e-commerce marketplace still modestly penetrated, I don't think Shopify's big downward will happen anytime soon.

In the latter half of 2021, Shopify will face tougher year-over-year comparisons, as pandemic tailwinds gradually fade and consumers bring their business back to physical retailers. Although some people may cry that Shopify has peaked, I'd argue that the coming quarters will be more of a "hangover" that could see a late 2022 acceleration in digital sales growth.

Tobias Lütke is one of the greatest minds of our time and he'll find ways to continue defying the odds, as white-hot shares of Shopify cool off heading into year's end. Despite the frothy multiple, I think you have to be a buyer while the stock is still off over 20% from its highs.

Lightspeed POS

Lightspeed POS is a wonderful commerce enabler that I urged investors to buy when the stock imploded around 70% back in the February-March 2020 stock market crash. I said Lightspeed's growth story rhymed with Shopify's and urged investors to buy before the stock had a chance to correct to the upside.

My recovery call for the stock was far-fetched at the time. But Lightspeed managed to surpass even my absurdly bullish expectations, with shares blasting past all-time highs just a year later.

Lightspeed is the epitome of a wonderful business. Unlike Shopify, though, Lightspeed has a lot to gain as the Canadian economy reopens and a majority of Lightspeed's clients begin to prosper after a year and a half of pressure.

The company has room to run, and any pullbacks should probably be taken advantage of by contrarian growth investors looking for some of the most disruptive growth stocks on the **TSX**.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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