



Anticipating Another E-Commerce Boom? Buy These 2 Stocks!

Description

The e-commerce boom of 2020 was only a spike on a graph that was already moving upward. Retail businesses were already converting to (or adapting to the changes brought on by) e-commerce at a powerful pace well before last year. But the pandemic has expedited the process.

The irony is that 2020 was a great year for already established e-commerce players like **Amazon**, but not so much for businesses that started working on their e-commerce presence during the pandemic. Still, sooner or later the corporate landscape will shift even more heavily towards e-commerce and early adopters will have an advantage.

Hopefully, we may not see another pandemic-like event that becomes an unanticipated catalyst for the e-commerce adaption, and what we refer to as an e-commerce “boom” is simply will be a natural acceleration in the growth of e-commerce. And there are two companies you might consider investing in before that happens.

A software company

WeCommerce Holdings ([TSXV:WE](#)) is a [holding company](#) that has the potential to ride to the top in the coattails of Canadian e-commerce giant **Shopify**. WeCommerce Holdings has a portfolio made up of companies from the Shopify ecosystem. That includes applications, themes, and service businesses related to Shopify.

Basically, WeCommerce is betting on Shopify’s continuous explosive growth and is acquiring small businesses that will organically grow alongside it. The company sets itself apart from other “financing options” like being acquired by venture funds and private equity managers by closing deals faster (60 days), minimal operational/cultural interruption, long-term holdings, etc.

So if you are planning to invest in an e-commerce company that invests in other e-commerce companies in a specific ecosystem, you should understand the relationship because that will dictate the relative success potential of this company.

The stock has already spiked once in early 2021, and it has come down a lot since then (66.8%). The company is relatively discounted and poised for another spike in the near future.

A transportation company

A crucial cog in the e-commerce machinery is transportation, that is, the wheels that literally move e-commerce goods. And it's one of the reasons why transportation companies like **TFI International** ([TSX:TFII](#))([NYSE:TFII](#)) got a significant push after the pandemic. TFII is still riding the momentum, and the stock grew about 142% in the last 12 months.

Despite its explosive growth, the price-to-earnings is still at 21.7, thanks to a parallel spike in financials. The revenue in the second quarter of 2021 is 130% higher than the second quarter 2020 revenues. And these financials might be one of the reasons why the stock might keep climbing still, at least until the [third quarter](#) results arrive.

Still, thanks to its network of operating companies and facilities, and transportation fleet, TFII is ideally poised to grow alongside e-commerce.

Foolish takeaway

Whether it's the e-commerce [tech stocks](#) or associated businesses like TFII, the chances of them consistently growing for the next few years at least (until the market saturates and competition gets even fiercer) are relatively high. But that doesn't mean *all* e-commerce stocks are equally profitable investments.

Consider the market dynamics, disruptors, and budding trends to pick future winners.

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