



2 Canadian E-Commerce Stocks I'd Buy Today

Description

E-commerce plays received a massive boost last year. But as physical retailers across the globe continue to [reopen](#) their doors, the boost is at risk of fading.

Still, it's worth noting that many tech-unsavvy shoppers got their first taste of digital sales platforms last year. And they're likely going to be sticking with their favourite e-commerce platforms well after the pandemic ends. Undoubtedly, the pandemic is more of an [accelerant](#) to the e-commerce trend rather than a mere pull forward in demand.

Canadian e-commerce stocks look like buys here

The e-commerce boom is probably far from over. But it is poised to take a breather over the near term, as consumers look to take some of their business to physical stores. In due time, though, e-commerce will pick up where it left off, and those who've yet to punch their ticket into top Canadian e-commerce plays could be at risk of missing the next leg up.

Although valuations are still stretched, I wouldn't at all be against dollar-cost averaging (DCA) into a full position over time. This market values growth, and with few alternatives outside of the equity markets, I think it's a smart idea to get some skin in the game on any dips that present themselves.

My two favourite e-commerce plays in Canada are as follows:

Shopify: E-commerce growth at its finest

You're probably unsurprised to see **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) make the list. It's the Canadian e-commerce king, and it's enriched many investors who've held onto their shares, despite the lofty price-to-revenue multiple. Today, shares are just shy of \$1,900 after failing to sustain a breakout past \$2,000. The 10% correction in the stock came shortly after yet another blowout round of numbers for the SMB (small- and medium-sized business) e-commerce titan.

Undoubtedly, valuation concerns and the slowdown in over at **Amazon.com** have some folks taking profits. Shopify's management already hinted that latter-year quarters face challenging year-over-year comparables, which could pave the way for some tough-to-digest growth numbers. Still, I think it's a mistake to count Shopify out just because industry trends are showing signs of slowing down.

Even if e-commerce activity wanes into year-end, I still think the company can power higher, as it looks to spread its wings into new verticals like payments. At nearly 50 times sales, the stakes are high with Shopify. But then again, when haven't they been? You've got pay up for innovation these days. And in terms of innovators on the TSX, I think it's hard to stack up against Shopify.

Lightspeed: The ultimate omnichannel tech stock

Lightspeed ([TSX:LSPD](#))([NYSE:LSPD](#)) is a commerce-enabler that's well positioned to thrive, regardless of what happens next with this pandemic. Unlike Shopify, Lightspeed has a lot to gain, as physical retailers open up shop once again. While Lightspeed has an incredible e-commerce platform, it's really a play on omnichannel, which is likely the true future of retail.

In prior pieces, I've described Lightspeed's intuitive platform as being an effective onramp for physical customers that were reluctant to make the jump into the digital realm. As we move into the post-pandemic world, I think many online-only stores will have the desire to make the jump into physical. And Lightspeed has the perfect onramp for these customers as well.

At around 45 times sales, Lightspeed stock is ridiculously frothy. Still, I think CEO Dax DaSilva and his team will prove that they're worth such a premium multiple. If they continue executing, they may be worth a multiple that's richer than that of Shopify's!

In any case, Lightspeed is a name that's become impossible to ignore. Like Shopify, it could grow into its pie-in-the-sky multiple.

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