Stock Market Downturn: Buy Shopify or Lightspeed Stock in October 2021

Description

The stock market continues to dip this week. Tech stocks in particular have experienced a real market correction. When the market was in rally mode, there was chatter about certain tech stocks' multiples being extended and trading at stratospheric valuations. A market downturn bringing them to earthly valuations are healthy for the stock price action in the long run.

Here are two tech stocks you should have on your radar and perhaps start buying after the meaningful corrections.

Lightspeed Commerce

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) is sometimes viewed as a smaller counterpart of **Shopify** (TSX:SHOP)(NYSE:SHOP). The tech stock took an 8% dive on Monday and has fallen more than 30% from its 52-week high set just last month.

It cannot be helped that Lightspeed stock is giving back some gains, as some investors are taking profit. LSPD stock had a super run — it was an 11-bagger — from the pandemic market crash bottom in 2020 to its all-time high this year!

Today, the commerce platform, which provides multi-channel selling capabilities, global payments, financing, and connection to suppliers, remains as relevant as it was during the pandemic.

Although it can be difficult to stomach the volatility, corrections of 20-50% in this kind of tech stock are normal. As a company that's in its growth stage and crystal clear on its focus of growing sales, this kind of meaningful stock correction is often the right time for investors to buy shares if you have the risk tolerance and an investment horizon of at least three years. Notably, it could be a few years down the road before Lightspeed will turn a profit.

Shopify stock

Shopify stock dipped 3% on Monday. The tech stock has fallen approximately 20% from its 52-week high set in July. It could be falling at a smaller scale than Lightspeed simply because it's larger and is actually profitable.

Shopify helps power more than 1.7 million businesses in over 175 countries. And the commerce platform has been bringing in earnings since 2017.

In 2020, when the novel coronavirus pandemic first hit the world economies, Shopify helped its merchants across the globe process almost US$120 billion of gross merchandise volumes. Its earnings per share jumped more than 700% in 2020 versus 2019.

Shopify expects revenue growth to ensue this year but at a slower pace than during the pandemic, which is understandable due to normalization, as we get used to having COVID-19 around.

Shopify has invited developers and technical entrepreneurs to join it in reinventing the internet's commerce infrastructure. This has brought innovations and improved efficiencies at its storefronts and checkout. The company is also encouraging developers by introducing the 0% revenue-sharing model for Shopify App developers and Theme Store developers, which could spark more creativity.

Similar to Lightspeed, Shopify stock's meaningful correction is also a good time to consider buying shares for long-term investors.

The Foolish investor takeaway

When we're dealing with growth stocks like Lightspeed and Shopify, which don't pay dividends, it's all the more essential to buy low and (potentially) sell high. Knowing that stock corrections of 20-50% is normal with these high-growth stocks should make it somewhat easier to buy in this market downturn. However, you do need to have high conviction in the stocks. Otherwise, the market can trick you in selling your precious shares at a low price. Buy partial positions at strategic price points to better manage your emotions.

Stay hungry. Stay Foolish.

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