



1 Cheaper E-Commerce Stock I'd Buy Over Shopify

Description

Growthy **TSX** stocks have been on an incredible run over the past year and a half. But with interest rates on the rise, one shouldn't expect 2021 to be the end of those tech rotations. Indeed, the value may still have a chance to shine in the new year, as the risks of a market correction look to increase with every percent added to this incredible rally.

Undoubtedly, growth could lead the next downward charge come the next correction, crash, or plunge, which may go unnoticed to passive investors who just watch the indices. Momentum cuts both ways. While it can enrich over a concise time span, it can also deliver an amplified hit right to the chin of an investor. Indeed, it's tough to dodge and weave once the growth stocks begin rolling over. As such, Canadians looking to bet on growth stocks should be ready to [scale](#) into a full position over the next year.

Shopify isn't the only high-growth TSX stock to buy

Many pundits dub 2022 as a relatively weak year for markets. While we can't know for sure at this juncture, it's best to proceed with caution, as many intelligent money managers (including Warren Buffett) isn't a bad idea at all. In this piece, we'll check in on one of the best growth plays I'd favour over **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

While Shopify is the tech titan atop the **TSX Index**, the valuation has become quite stretched at over 45 times sales (that's sales, not earnings!). Valuation always matters. And while Shopify's growth could justify its incredibly steep price tag, the stock isn't going to be everybody's cup of tea at these heights, especially if rates induce a pullback in growth-oriented names.

Consider shares of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)), a high-growth Canadian stock that could have what it takes to follow in Shopify's footsteps over the next five years and beyond. Indeed, the firm shares many similar traits to the likes of Canada's number-one e-commerce titan. Their valuations, while stretched, would also better cater to the crowd that "missed" Shopify on the wayup.

Lightspeed Commerce

It's been a painful past few months for shares of LSPD, plunging from a high of around \$160 to a low just south of \$70. Short-seller allegations are serious, but certain folks, including the likes of National Bank of Canada's Richard Tse, think it's wise to be a buyer on weakness.

Undoubtedly, short-sellers aren't always spot on with their claims. Exaggeration and overly bold statements may have caused way more selling than was warranted. In fact, some Canadian firms previously targeted by the shorts never deserve to fall to begin with.

I think after such a brutal sell-off that the risk/reward seems slightly tilted toward investors. For those willing to look past the noise, there's considerable upside to be had if the name is to stage a return to its highs. The \$10.4 billion commerce enabler is in a great spot as the economy reopens from COVID, after all.

If it can shrug off short-sellers, as Shopify did a few years ago, this vicious crash could turn into a mere blip in a few years. At 20 times sales, Lightspeed is less than half the price of admission as Shopify, at least from a price-to-revenue standpoint.

The bottom line

While Shopify and Lightspeed have a lot to offer to growth investors, I favour Lightspeed over Shopify, primarily due to valuation. That said, I'm not against being a buyer of both gradually over time.

CATEGORY

1. Investing

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

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