3 Growth Stocks Young Investors Should Buy Today

Description

As a younger investor, you have time on your side. This means that you can invest in growth stocks without having to worry too much about the volatility that comes with investing in those kinds of stocks. One way you can approach growth investing is by looking at the industries that interest you and deciding whether there's an opportunity for growth there.

For example, I'm very interested in the e-commerce industry. I believe that as today's younger demographic continues to grow and eventually represent a larger proportion of the global consumer base, e-commerce should grow as well. That's why e-commerce is a big focus in the stocks that I think young investors should buy today.

A leader within the e-commerce industry

When it comes to e-commerce, **Shopify** (TSX:SHOP)(NYSE:SHOP) is a clear leader. This stock has been heavily criticized recently due to its massive drop in value since the start of the year. However, stock performance aside, it's very hard to argue that Shopify isn't a big player in the global e-commerce industry. In Q2 2021, it surpassed **Amazon** in terms of monthly unique visitors for the first time.

Shopify's revenue is based on a subscription business. That provides the company with a very predictable and stable source of revenue. In addition, the company is founder led. Its CEO Tobi Lütke holds a very large ownership stake in the company. These are all characteristics of a top growth stock. Shopify stock is certainly having a difficult time right now, given current market sentiments. However, I think this is still a top stock that young investors should hold in their portfolio.

Don't sleep on this company

Goodfood Market (TSX:FOOD) is one stock that I think younger investors should really pay attention to. The online grocery industry is really starting to pick up around the country, with many competitors vying for market share. Goodfood is in a unique position, because it already holds such a large share of that industry. In 2019, it was estimated that Goodfood represented a 40-45% share of the Canadian meal kit industry.

Since 2016, Goodfood has grown at a very fast rate. It has expanded into all of the Canadian provinces and is now trying to optimize its fulfillment processes. Goodfood aims to bring express deliveries to all of its major service areas. If it can pull that off, consumers may be even more receptive to the idea of online groceries. This is still a very new business area, but online groceries could be very big in the coming years.

A brick-and-mortar company expanding its horizons

Aritzia (TSX:ATZ) is an everyday luxury brand that has established a strong presence in the Canadian retail industry. It currently has 67 boutiques in operation across the country, with an additional 41 locations in the United States. However, what interests me about this company isn't its brick-and-mortar business. Instead, it's Aritzia's online business, which delivers merchandise to more than 200 countries around the world.

From 2016 to 2020, Aritzia's e-commerce business grew at a CAGR of 36%. That side of its business also represented about 23% of Aritzia's total revenue. In 2021, the company reported an 88% year-over-year increase in its e-commerce revenue. In addition, online sales represented 50% of its total sales. Things have simmered down to a more sustainable growth rate of 33% in 2022. However, Aritzia's decision to focus on online sales should continue to benefit the company over the long term.

CATEGORY

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2. TSX:ATZ (Aritzia Inc.)
3. TSX:FOOD (Goodfood Market)
4. TSX:SHOP (Shopify Inc.)

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