



Is it Time to Buy This Beaten-Down E-Commerce Stock?

Description

Every investor out there was interested in finding a top e-commerce stock to invest in during the pandemic. With everyone at home around the world, these companies provided a way to bring essentials to them without the worry of contracting the coronavirus.

But there was even more to it than that. Many people also had money to blow. Again, people were at home! So, they spent less money on gas, less money on going out, and just less money in general. People had more to spend on frivolous items — items that came from a great e-commerce stock.

It also meant we could invest, which is why a lot of growth was seen in many an e-commerce stock. However, in this case, what soars up had to come down.

For example, Lightspeed

Lightspeed Commerce ([TSX:LSPD](#)) is the perfect example of this. Shares of Lightspeed stock soared upward during the pandemic. This was as it shifted to being an e-commerce stock as well as a point-of-sale provider. It made multiple acquisitions to set itself up for growth. Further, it chose the “land-and-launch” approach, choosing to be in as many countries as possible before expanding its business.

However, Lightspeed stock became one of the first e-commerce stocks to fall. That’s after the [short-seller](#) report came out, sending it from all-time highs into a spiral that only recently evened out. Throw in the drop in tech stocks, and Lightspeed stock looked like it wasn’t going anywhere.

But should it?

But should Lightspeed stock be falling so far? Or are investors potentially missing out on an opportunity? In my view, they certainly are. It’s an e-commerce stock, sure, but it’s also a company that will do well in this post-pandemic environment.

Lightspeed stock still benefits from the growth in its restaurant and retail locations around the globe.

Further, it's partnered with numerous new businesses thanks to the acquisitions it's made over the years. Those acquisitions are now up and running, bringing in even more revenue.

How much? During its last earnings report, Lightspeed stock saw revenue grow 50% year over year. Subscription revenue was up 47%, and gross transaction volume was up 36% year over year to \$22.1 billion. This is significantly better than many of its peers at a time when the company should have seen drops, not increases.

The key? Diversification

I mean this in a few ways. Lightspeed stock isn't just an e-commerce stock; it's also a point-of-sale platform. Because of this, it's benefited from the end of many pandemic restrictions. So, even with the drop in e-commerce use, its in-store sales have provided a huge balance.

But further than that, the [e-commerce](#) stock also benefits from being a global enterprise. Rather than becoming the biggest and best in one or two countries, it's choosing to expand as far reaching as it can. One of its best performers during the last quarter was a Belgium bakery!

This diversification is also excellent during an economic downturn. The United States may indeed hit a recession, but other countries may not. Or they simply may rebound quicker. Having access to multiple economies provides a faster chance at rebounding from these economic woes.

Is it time to buy?

In short, yes. Lightspeed stock is down 51% year to date, which is a huge opportunity. It's down about 85% from its all-time highs, which provides even more of an opportunity for growth. What's more, it's actually faring better than its other e-commerce peers in terms of share performance.

While the e-commerce stock likely has a lot more time to reach profitability after its acquisitions, I'd still say it's a strong long-term hold among e-commerce companies. Its diversification, business model, and recent earnings performance all point to this.

Earnings are due out Nov. 3. We could see the company receive another strong boost that investors can sink their teeth into.

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Author

alegatewolf

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