



2 E-Commerce Stocks to Buy for Explosive Recovery Potential

Description

The tech sector has started showing some vitality since October. The **TSX Capped IT Index** has risen over 13.5% in a month and may continue moving up. And even though there is a significant divide in how different segments of the tech stocks are performing, the two e-commerce giants at least are following the course of the sector as a whole.

If their recovery is set to be proportional to the fall they experienced in the [bear market](#) phase, the recovery-fueled growth might be explosive.

A point-of-sale system company

Lightspeed Commerce ([TSX:LSPD](#)) is relatively young, even for an e-commerce stock in Canada, and has already experienced a massive rise and fall. The company started as a point-of-sale (POS) solutions company, targeting small to medium enterprises in three segments: retail, hospitality, and golf.

Even though the company has stayed true to its origins, it has also grown to provide more comprehensive solutions and currently markets itself as a one-stop commerce shop for the target market. An e-commerce platform is the latest addition to its offerings and may set the stage for the company's future growth.

Lightspeed stock has grown over 740% since its inception in 2019, but it has fallen over 86% from its peak. It's only trading at a 15% premium to the price it first listed for. There were multiple reasons behind such a drastic fall, including e-commerce's brutalization as a market, a short-seller report identifying flaws in Lightspeed's reporting, and the fall of the tech sector in Canada.

However, its fundamental strengths are still relevant. It has a presence in over 100 countries and caters to over 150,000 locations worldwide.

An e-commerce platform company

Shopify ([TSX:SHOP](#)) has one of the highest market shares among the e-commerce platforms used around the world, though it's losing it to a couple of competitors. But the company still has a strong presence in the market, especially among the top e-commerce websites used around the globe.

The reasons for its popularity include its simplicity and the ecosystem of applications and complementary products that have grown around Shopify.

It has millions of customers spread over 175 countries, and it facilitated roughly \$444 billion in global economic activity. Shopify is massive, and even if it retains most of its existing clientele and slowly grows more, it is likely to remain financially viable for a very long time.

Shopify's growth was the stuff of the legends. From its inception in 2015 to its peak in 2021, the stock almost consistently grew by over 6,000%. The fall has been just as drastic at 77% so far. But the company might be turning things around. The stock has risen over 37% in the last 30 days, and the direction is still upwards.

Foolish takeaway

Even if all they do is re-reach their peaks, the two [tech stocks](#) can offer excellent returns if you buy them now at their heavily discounted price. The tech sector's recovery might be stimulus enough to kickstart the growth, but it may be sustained by healthy financial reports.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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Date

2025/08/11

Date Created

2022/11/15

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