

Title: Let's talk negative EPS and why it's not a concern right now

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Created 2022-03-18 08:35:28 UTC

Permalink: /r/GME/comments/tgwpnt/lets\_talk\_negative\_eps\_and\_why\_its\_not\_a\_concern/

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I mostly lurk and found out I can't post to Superstonk. Please post there if you like what you see below.

Hello apes, anyone who is concerned by any figures they saw, and howdy to the consistent wave of FUD we see each earnings call. I'm here to tell you that the expectation of a positive EPS during this earnings was misplaced.

Part one.

Here's a list for why we should expect negative EPS for a bit going forward:

1. RC's business philosophy - Our chairman states that he forfeits the short term gain for long-term shareholder value.. "It takes money to buy whiskey". New hires/payroll are huge expenses. Building and holding inventory is a huge expense. Buying warehouses is a huge expense. Creating a new line of business (NFT marketplace) is not going to turn profit immediately.
2. Narrow profit margins on current lines of business - selling consumer goods is not extremely profitable. When competing companies are selling the exact same thing, typically a consumer will buy from the company that offers it for cheapest. Earnings potential here for GameStop isn't very high to begin with.

Part two.

How does a company increase revenue and profit in this arena? Scale or create another line of business.

For one, GameStop is increasing their e-commerce footprint. Again, it's costly to grow the business...

For two... Amazon is a good example here for what GME is moving to. Their major profit turner is AWS. It's high profit margin and low operating costs. GME is looking for their cash cow to be the marketplace to bolster their consumer goods side of the house.

A good sign here is the seemingly calculated approach their taking to releasing the marketplace. They could've cranked out a similar platform to open sea, but IT SEEMS RC/GameStop is aiming higher. I'm excited to see how they innovate in the NFT space.

Additional thoughts.

The revenue increase is big. It shows increased customer purchases. Engagement in GME's offerings are increasing. This is obviously good news for the future if consumer engagement continues.

In tight margin business areas, companies need to differentiate themselves to gain market share.

1. Building the brand - Luckily GameStop is loved by apes.
2. Reward programs - revamped power up rewards and it's member increase.
3. Superior customer service - RC's example with Chewy is the roadmap here.

TL:DR Bullish.