# Twitter Thread by Groww



**Groww**
@_groww

## In the late 1990s, there were several IPOs (in the USA) that altered how investors viewed stocks.

## Not just stocks, it changed what people thought a successful business looked like.

There was an e-commerce company. You might be making guesses as to where this is going.

A successful business was one that was making profits. Simple.

This was the least requirement - up until now.

And then came a slew of tech companies that had a dot-com at the end of their name.

One of these was an e-commerce company.

It had operations in California and was looking to expand its warehouses to all over the US. And therefore, it needed the money from the IPO.

Skeptics worried if the smaller size of the orders would make economic sense for the company to deliver.

Some were sure it would work and that the skepticism was a result of people not understanding how the internet worked.

The company’s IPO launched. And then the stock was listed on Nasdaq.

It climbed.

But the company kept facing troubles.

It was expanding very rapidly and that came with its own set of problems.

The delivery infrastructure wasn’t in place and was often flawed. It made desperate attempts by buying new delivery vehicles and renting warehouses to solve the delivery problem.

This new frontier was so unheard of, legacy investors like Warren Buffett had stayed away from this space.

Very few understood the internet. And those who did thought it was the future.

They invested accordingly.

In 2001, this company declared bankruptcy.

Surprised?

This isn’t Amazon we’re talking about. This is Webvan.

Off the bat, without names being mentioned, it sounds oddly like the Amazon stock.

The difference between the two was that Amazon survived. Not just survive, it eventually thrived.

If you had invested in XYZ IPO or stock 20 years ago, today you’d have… this is very easy to say.

Right now, there are multi-bagger stocks. Do you know which to buy?

If you don’t know now, how would you have known 20 years ago?

In the late 1990s, there were several other dot-com stocks and IPOs.

Many of them failed. Some succeeded. Amazon was one of them.



Thousands of investors lost their money because they invested in dot-com stocks because they didn’t understand it but thought it would do well.

Those who understood it though, those investors made returns unheard of in decades.

Today, in India, we’re entering a somewhat similar space.

There are companies that haven't made a profit so far. We in India aren't used to seeing such companies in the markets.

Some of these companies will become large like Amazon. Some will go the Webvan way.

Remember this when you consider applying for an IPO.

It could be a bad investment.

It could also be a great investment.

Don’t fall for the hype and what others say.

Do your research and if you don’t understand, stay away from it.

If you do understand, you might be on your way to bumper returns.