



## Canadian Tire Corporation Limited: the Awakening of a Sleeping Giant

### Description

**Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) reported its first-quarter 2015 results in May, which demonstrated continued strong same-store-sales growth. Canadian Tire retail same-store-sales growth increased 4.7% year over year, FGL Sports same-store sales increased 8.6%, and Mark's increased 5.5%. Let's compare this with **Wal-Mart Stores Inc.'s** recent performance. Wal-Mart does not break down its results, so we don't have the numbers for Canada, but overall same-store-sales growth was a mere 1% for the 13 weeks ended May 1, 2015. Granted, Wal-Mart's growth is off of a much larger base, but still, Canadian Tire's growth profile is clearly more attractive.

And the Canadian Tire's plans are to continue to expand its reach and re-invent consumers' shopping experiences. Let's look at the ways that Canadian Tire is doing this.

### Buying former Target Corporation locations

The company clearly sees room for further penetration of the Canadian shopper, and as we have seen in recent results, it appears that they are right. To this effect, Canadian Tire recently announced that it would be snapping up 12 former **Target** locations, adding 400,000 square feet to its store network. These additional locations will accelerate the company's growth trajectory, provide more convenient and larger locations, and improve the overall network.

### Digital transformation

After years of wasting money on paper flyers that people were just not reading anymore, Canadian Tire introduced the "Social Flyer," a new digital version of its flyer that has proven to be very effective in driving sales. By 2016 the company plans to shift the majority of its marketing to digital marketing.

Furthermore, digital technology will be used in store to transform the shopping experience. One example of this is in the Seasonal Department, where interactive screens allow customers to create a 3D image to help them visualize their dream backyard.

### New Sport Chek stores

At FGL Sports, the goal is to grow the Sport Chek footprint and build a connection with target customers (aged 19 to 34). FGL reported over 12 positive comparative quarters in a row since it was acquired, and Sport Chek has had three double-digit same-store-sales growth quarters. The company is continuing to invest in existing stores, and is still opening new Sport Chek stores. The vision is to be the ultimate world class destination for sports in retail. The store will carry products such as technology-infused basketballs, tennis rackets, and wearables.

### **Automotive business**

The automotive business, which includes auto service centres and hard goods departments, PartSource specialty stores, and Petroleum retail outlets, is a key differentiator for Canadian Tire. And management is putting more emphasis here, with more automotive-focused marketing and advertising, a greater emphasis on customer service and on being able to service more types of automobiles. In the automotive department of new Canadian Tire stores, we can find driving simulators that let customers test drive tires in different weather conditions.

What was once a sleepy, boring retailer has awoken and, in my view, is worth shoppers' and investors' attention.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

### **Category**

1. Investing

### **Date**

2025/09/11

### **Date Created**

2015/06/23

### **Author**

karenjennifer

default watermark