



Canadian Tire Corporation Limited Is a Great Buy

Description

The past year is proving to be a particularly difficult one for retail stores in Canada. **Target** left almost as quickly as it came, **Sears Canada** continues to decline in sales, and **Reitmans (Canada) Limited** continues to decline in sales and share price.

There are also those that have risen to the challenges of a difficult economy and adapted. One of those is **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)).

Traditionally seen as the likely stop for finding parts to fix your car or to pick up some sporting equipment, Canadian Tire can hardly be considered a high technology retail chain, but this is exactly what the company is becoming.

Let's take a look at why Canadian Tire is not only a good, innovative retailer, but is now a great buy.

Growth in difficult times

Canadian Tire has excelled in acquiring a number of brands over the years that have grown into core parts of the portfolio, including Mark's, Sport Chek, and more recently Part Source.

Particularly interesting is how each of these acquisitions strengthened the overall brand portfolio, while not cannibalizing any of the existing store chains, or each other.

Canadian Tire also acquired 12 former Target locations earlier this year in a deal worth \$17.7 million, expanding its footprint into larger stores.

As for those difficult times in the economy, Canadian Tire is weathering the storm quite well. The stock is currently priced just shy of \$130, and is closing on the 52-week high of \$132.34. Year-to-date, the stock is up nearly 6%, and looking to a full year, this improves to 21%. Long-term investors will be particularly pleased as the five-year price difference is an impressive 127%.

With a quarterly dividend of \$0.525 per share, analysts continue to place an outperform rating on the stock, with more growth to be seen in the future.

Continuing to innovate

Canadian Tire as a retailer is 90 years old. There are very few retailers that hit that age, and even fewer that will reach that age and continue to innovate and embrace technology. Canadian Tire continues to impress in this area above and beyond any of the other brick-and-mortar competitors.

Canadian Tire is effectively moving from a retail-first to a digital-first company. Making use of technology throughout the store to actually help shoppers make their purchase decisions is an intriguing concept.

Shoppers in the new flagship store in Edmonton will find a driving simulator to try out how new tires will handle in any weather condition, a virtual treadmill that will study how you run to recommend the right type of shoe, and a dedicated drive-thru area for e-commerce pick up. Digital screens that interact with customers and provide useful product information are placed throughout the store.

Innovations like these are a first for retailers, and make Canadian Tire a leader in Canadian retail. In my opinion, Canadian Tire is a great option for the investor who not only looks for dividends and growth over time, but wants to be part of a company that is reinventing retail for the digital world.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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