



Canadian Tire Corporation Limited: A Great Investment for Growth

Description

Canadian Tire Corporation Limited ([TSX:CTC.A](#)) is one of the largest retailers in Canada and has a very storied history. The mere mention of the retailer brings back memories of buying sporting equipment, parts for the car, hardware, and garden supplies.

For many Canadians, that is the version of Canadian Tire that we think of. But as an investor, Canadian Tire is a very different company, one that investors should consider adding to their portfolio. Let's take a look at a couple of reasons why.

This is a different retailer for a different generation

First off, this is no longer the Canadian Tire you visited as a child to pick up your Supercycle. The brick and mortar store is still there, as are all of the well-known departments. What's changed is the store's identity, and that's a good thing.

A few years back, CEO Michael Medline took a hard look at the company and realized there was a branding and audience issue. The company wasn't targeting the right audience and was out of touch with the younger generation, which is focused on using technology.

What has transpired in the past few years is nothing short of amazing.

Canadian Tire has morphed into a retailer that uses cutting-edge technology that allows the retailer to appeal to a larger audience. This includes the creation of a digital currency, tying upcoming sales events to weather forecasts, and promoting exclusive deals for rewards customers that are only available online.

These may seem like small changes, but these are the types of changes that will make the company appeal more to an ever-changing digital-first generation. The appeal the store has garnered has ushered in a new era for the retailer, where the company can be called a "phygital" (physical and digital) retailer.

Other uses of technology include stations throughout stores where customers can engage with

software to help make buying decisions. For example, Canadian Tire now has a driving simulator that lets you try out new tires in different driving conditions; there's also a treadmill that will suggest the right type of shoe based on how you run.

Even within the business, Canadian Tire is embracing technology for its employees. Last month the company announced the adoption of Facebook at Work, making the retailer the second-largest company globally to use the software for the company's 85,000 employees. The platform allows for additional ways for employees to communicate, interact, and collaborate within a secured network.

The changes have made Canadian Tire a much more competitive and go-to-first type of retailer.

The impact of technology on business

The stock currently trades at just over \$134 and is up by an impressive 13% year-to-date. Canadian Tire also pays a quarterly dividend of \$0.57 per share, giving the company a yield of 1.71%.

While a dividend is always welcome, investors should be more focused on growth over time. In the fourth quarter of 2015, the company posted a year-over-year increase in profits of 17%, or \$3.01 per share.

In my opinion, Canadian Tire remains a great investment options for investors seeking a stock in the retail sector; it will provide growth for years to come.

CATEGORY

1. Investing

TICKERS GLOBAL

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

Category

1. Investing

Date

2025/08/02

Date Created

2016/03/17

Author

dafxentiou

default watermark