



## Loblaw Companies Limited: A Big Retailer Is Becoming Bigger

### Description

**Loblaw Companies Limited** ([TSX:L](#)) is one of the largest, well-known companies in the country. The company owns a massive portfolio of some 20 brands that are scattered across the country in the form of grocery stores, pharmacies, merchandise, and financial service providers.

Essentially, Loblaw is all around us and, as an investor, this is a great thing as it shows the true power of the Loblaw brand.

One thing that has always impressed me about Loblaw is its continuing drive to improve. The company is a market leader on many fronts and could arguably rest on its laurels and watch revenues come in. Instead, the company is embracing technology, investing in new stores, and continuously striving for better results and improvements.

Here's a look at what Loblaw is currently working on and why this matters to investors.

### A massive store expansion is on the way

Loblaw announced this week that it will be spending \$1.3 billion during 2016 on the retail side of the operation. In terms of what that investment includes, 50 new stores and renovations for 150 existing stores are planned.

Of the total cost, Loblaw will be investing nearly \$1 billion for the expansion; \$300 million is being invested by **Choice Properties REIT**, which specializes in development of grocery-specific shopping centres.

In July of last year Loblaw announced that it would be closing 52 unprofitable stores over the course of 2016. While it's unclear if this latest announcement overturns that decision, the fact that the company is investing in new and upgraded retail locations is extremely encouraging.

Loblaw noted that the investment will add nearly 20,000 jobs between the new staffing and construction crews needed.

## E-Commerce is getting an update

As part of the announcement, Loblaw noted in passing that the investment would also include an expansion over IT infrastructure and increased e-commerce.

This is one part of the announcement that I find particularly interesting. Retailers have long struggled with trying to merge the brick-and-mortar model of retail with the online world of click and ship. While some aspects of the economy have bridged this gap, pharmacies and grocery stores, which are Loblaw's core, are still working on this transition.

The company's attempt at the "Click and Collect" service, whereby shoppers place their order online and have it waiting for them when they arrive at the store, was largely successful, so an expansion of this service to a wider network (as well as rolling the service out to the Shoppers brand) is likely part of this investment.

In my opinion, Loblaw remains one of the better options on the market for investors looking to diversify into the consumer staples segment. The company is one of the most well-respected brands in the country and has both the coverage, results, and growth mindset to keep investors happy over the long term.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)

### Category

1. Investing

### Tags

1. Editor's Choice

### Date

2025/08/01

### Date Created

2016/04/12

### Author

dafxentiou

default watermark