



Canadian Tire Corporation Limited Has Reinvented a Tired Retail-Business Model

Description

Incorporating technology and e-commerce into traditional sales models is something that few retailers can achieve. Many retailers are still deeply entrenched in a more traditional brick-and-mortar type of business model and don't really understand how to make the transition to becoming a digital-first retailer.

For those companies that make that transition, the potential revenues and customer growth can be lucrative. **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) is one of the most well-known and established retailers in the country that managed to make that transition. Traditionally, the company has been seen as the place to go for sporting good equipment, automotive supplies, and various hardware goods.

A few short years ago, CEO Michael Medline realized the company had a branding and audience problem; the company was out of touch with what the younger generation was seeking from a retailer. What followed was a heavy investment in technology to restore the brand and reinvent the image of the retailer so as to attract new customers.

Canadian Tire: leader in technology adoption

The goal was not merely to put technology somewhere into the buying process, but rather use technology to make the buying process easier and support customers that opt to use online methods to find and purchase what they're looking for.

The results were innovative yet driven by common sense. For example, customers can use a driving simulator to try out new tires in different weather conditions, or run on a treadmill to find the perfect shoe, or don a virtual reality headset to see how new patio furniture would look in their backyard. And providing an enhanced, rich experience when customers view a catalogue on a smartphone (versus printing and distributing paper flyers) also saves the company money.

One very important aspect of Canadian Tire's adoption of technology that needs to be addressed is that the company has managed to do something that no other retailer in Canada has been able to: it has integrated technology fully into the actual buying process. This has not only led to increased sales

and revenue for the company, but it has established Canadian Tire as the poster child of what a 21st century physical—or more accurately, phygital (physical and digital)—retailer should be.

Rewards are in place too

Another interesting avenue the company has taken is the ongoing agreement with **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)). Bank of Nova Scotia has a 20% interest in the Financial Services division of Canadian Tire, providing the expertise that only a large bank can in the realm of banking and credit services.

This relationship extends to yet another level, as Bank of Nova Scotia's agreement with **Cineplex Inc.** ([TSX:CGX](#)) allows Canadian Tire customers access to Cineplex's scene loyalty program, with which they can accumulate points for the purchase of merchandise.

How has technology helped the bottom line?

Canadian Tire currently trades at \$139.64. Year-to-date, the stock is up a very impressive 18%, and extending this—to the benefit of long-term investors—shows the stock is up by an incredible 126% in the past five years, or roughly 25% per year.

Canadian Tire also pays out a quarterly dividend in the amount of \$0.57 per share, giving the stock a yield of 1.65%. The company has established a precedent over the past few years of increasing the dividend, so further increases seem more than likely.

Canadian Tire continues to evolve, and this has both consumers and investors excited about the company. In my opinion, there really isn't a better option for investors on the market right now that can offer growing dividends, strong revenue and explosive growth.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CGX (Cineplex Inc.)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/01

Date Created

2016/06/17

Author

dafxentiou

default watermark

default watermark