



## Is Canadian Tire Corporation Limited in Your Portfolio?

### Description

Like many investors, I tend to avoid retail stocks or at very least do a fair amount of research before committing to purchasing one. Retail stocks are increasingly in a tug-of-war between transitioning from the traditional brick-and-mortar showrooms of decades' past to the online e-commerce storefront of the future.

This struggle has left a number of iconic brands struggling to adopt to the new norms of retail, and other, lesser-known brands have pushed to the forefront. One such retail brand that has impressed me over the past year is **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)).

### The technology factor

Canadian Tire is an iconic brand that resonates with nearly every Canadian. Traditionally seen as the place to go in order to get sporting goods equipment, Christmas lights, or even parts for your car, Canadian Tire is hardly ever referred to as a digital retailer.

This is exactly the stereotype the company has been shaking off quite impressively over the past few years. Recognizing a branding and target-audience issue, Canadian Tire placed a heavy investment into technology that has resulted in the brand being reinvented with a new and loyal audience.

A key point of this reinvention has been how the retailer has used technology to help the buying process and integrated directly into it, rather than appending technology to a display.

Some examples of this include using a treadmill to recommend the perfect type of shoe for you based on how you run, or a driving simulator that will let you try out new tires across different weather conditions.

Canadian Tire has even added technology to the decades-old print catalogue, which, when viewed through a smartphone, offers additional information in an enhanced experience. The new experience, called the WOW catalogue, has drawn praise for bringing the old print catalogue up to times.

## A rewarding experience

Canadian Tire has an ongoing agreement with **Bank of Nova Scotia** with respect to the bank's 20% interest in the Financial Services division of Canadian Tire. That deal allowed for cross-promotions to occur between both companies; this has been fairly successful over the past two years.

That deal also allowed additional cross-promotions to an additional level, thanks in part to Bank of Nova Scotia's relationship with **Cineplex Inc.**, which in turn allows Canadian Tire customers access to the SCENE loyalty program offered by Cineplex and use those loyalty points to purchase merchandise.

## Canadian Tire is a great investment with or without the added technology

The increased use of technology has helped Canadian Tire in a number of ways, but it isn't the only reason for the improved finances of the company. In the past five years, Canadian Tire's stock has shot up by over 100%, and the company is now widely regarded as one of the best retail stocks in the country.

In the most recent quarter, sales across all of the company's brands increased by 3.1% to \$121.1 million. This increase also takes into account a decline in petroleum sales as a result of lower prices. Consolidated revenues for the quarter came in at \$126 million, an increase of 4.5%. Diluted EPS came in at \$2.46 for the quarter, representing a 14.5%, or \$0.31 per share, increase over the same quarter last year.

Canadian Tire also pays out a quarterly dividend of \$0.57 per share, which, at the current stock price, results in a yield of 1.72%. While the added income is more than welcome, dividend income is probably not the primary reason to invest in Canadian Tire.

In my opinion, Canadian Tire remains a great investment option for those investors who are looking for a retail stock that can provide long-term growth.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

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