



## And the Best Canadian Retail Stock to Own for the Next 10 Years Is...

### Description

Despite **Aritzia Inc.** ([TSX:ATZ](#)) and **Dollarama Inc.** ([TSX:DOL](#)) going in different directions in 2017 — Dollarama's share price is up 25.4%, while Aritzia's is down 28.2% — they're both considered successful in Canadian retail.

Who else do you think should make the cut?

Well, I'd say the most important criteria for making a list is that not only are they around in 10 years, but that they will have grown revenues and earnings over the decade at a reasonably brisk pace.

Cost cutters need not apply.

### Who else is on the list?

Let's say that we make a short list of five names, two of which have already been selected. That leaves three more options.

**Canada Goose Holdings Inc.** ([TSX:GOOS](#))([NYSE:GOOS](#)), one of the newest stocks on the TSX, went public in March and is up 38.8% since. It definitely has the growth profile necessary to qualify, so it's the third stock on the list.

Now, it gets a little tricky because most of the remaining possibilities are companies like **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) and **Loblaw Companies Ltd.** ([TSX:L](#)) that are very established with mid-single-digit revenue growth and decent dividend payouts — hardly the stuff dreams are made of.

Therefore, my penultimate pick for consideration as best Canadian retail stock to own for the next 10 years is **Alimentation Couche Card Inc.** ([TSX:ATD.B](#)), a stock I had excellent things to say about back in July.

Couche Tard could be the sleeper stock in this handful of retail stocks.

Last on the list, and not even traded on the TSX, but a Canadian retailer in my books, is **Lululemon Athletica Inc.** ([NASDAQ:LULU](#)), who, despite some serious headwinds in the athletic apparel market, is making all the right moves to remain relevant with consumers.

So, place your bets. Here's how I rank the top three.

### **Third place: Alimentation Couche Tard**

Alain Bouchard's reputation as a consolidator is very accurate. From one store in Quebec, he's grown the company into the world's second-largest convenience store operator, [acquiring](#) more than 9,000 stores since 2004.

However, to continue to grow, you not only have to make acquisitions, but you also have to integrate them successfully, delivering permanent cost savings and synergies in those process, and then you have to ensure all the stores continue to grow on a comparable basis one year to the next. By transforming all its stores into the Circle K brand, Couche Tard is ensuring its store network is successful.

Honestly, it wouldn't surprise me if Couche Tard delivered another 10 years of above-average growth in an industry that's not known for it.

### **Second place: Canada Goose**

It's still early days in the Canada Goose plan to be the world's strongest outerwear brand but everything CEO and founder Dani Reiss is doing to make that happen seems to be going as planned.

It [continues](#) to grow its wholesale and e-commerce businesses at a healthy clip, while being responsible about its brick-and-mortar store openings ensuring that its three revenue streams all work in harmony to focus on the Canada Goose brand.

I'm not a fan of its products, but the way Reiss and company are handling growth is textbook Business 101.

If Canada Goose isn't the best Canadian retail stock over the next 10 years, it's only because a company on the west coast of Canada is doing a great job hanging in against some tough competition.

### **Best Canadian retail stock to own for next 10 years**

I believe it is Lululemon.

Its stock hasn't been a winner in recent years, delivering just two calendar years of positive returns since 2012. In the meantime, it's had to deal with **Nike Inc.** and all the other deep pockets trying to horn in on the leisure wear market that LULU invented with the yoga pant back in 1996.

Now, it's got a CEO in Laurent Potdevin, who understands how to run a leisure brand. Potdevin was the CEO of Burton Snowboards and Tom's Shoes before taking the top job at Lululemon in late 2012 and is willing to invest in innovation to deliver great products at premium prices that both men and women are happy to wear.

Just look at its second-quarter earnings, and you'll know why Lululemon's future is so bright.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:LULU (Lululemon Athletica Inc.)
2. NYSE:GOOS (Canada Goose)
3. TSX:ATZ (Aritzia Inc.)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
5. TSX:DOL (Dollarama Inc.)
6. TSX:GOOS (Canada Goose)
7. TSX:L (Loblaw Companies Limited)

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## Date

2025/08/25

## Date Created

2017/09/05

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washworth

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