

Invest in Canada's Best Retailer

Description

More than any other sector, the retail sector has felt significant pain in years due to changing consumer tastes and the proliferation of online shopping channels that have rendered the classic brick-and-mortar stores increasingly obsolete.

Some retailers have managed not only to overcome this change, but also to thrive in this unfamiliar environment.

Dollarama Inc. ([TSX:DOL](#)) is the largest dollar-store operator in the country, with over 1,000 locations scattered across the country selling an assortment of items at fixed price points, all of which come in below \$4 each.

One of the most impressive things about Dollarama is the sheer variety of products on offer, which are often bundled with something else for a single price point. This lends the perception that the customer is getting a deal and that the unique mix of products is practically calling out to shoppers to come in and browse the aisles.

Try as you might, Dollarama's product offering and layout make it virtually impossible to enter a store for one item and not emerge with a cart full of goods.

In terms of performance, Dollarama has perennially exceeded expectations. In its most recent quarterly update, Dollarama reported sales of \$810.6 million, thereby reflecting an increase of 9.7% over the same quarter last year.

Comparable same-store sales increased by 4.6% in the quarter, over and above the 5.1% growth witnessed in the same quarter last year. Diluted earnings per share came in at \$1.15, reflecting an increase of 25% over the same quarter last year.

While perhaps not the primary reason to consider an investment in Dollarama, the company does offer shareholders a quarterly dividend, but the paltry 0.26% yield is hardly going to entice would-be investors or make anyone rich. [Dividend-seeking](#) investors are therefore best left looking elsewhere.

Dollarama is set to provide results for the fourth fiscal later this spring.

Why should you consider Dollarama?

The unique mix of products, low price points, and over 1,000 locations creates a perfect storm in which Dollarama can escape the onslaught of online sales that other retailers have fallen to. Online retailers simply can't meet the same price point as Dollarama on smaller quantity purchases.

Pundits are near unanimous in noting that the dollar store market in Canada is nowhere near as saturated as that of the U.S., which means that Dollarama will continue to reign supreme and expand.

Another key factor to consider is the appreciating loonie.

Dollarama imports all its products from abroad, and a strengthening loonie means that Dollarama can purchase more goods for the same or a lower price or opt to purchase higher-quality products at the current price.

Either way, Dollarama — and investors — win.

In my opinion, Dollarama remains a [great investment](#) opportunity for those investors seeking growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)

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