
# 2 Retailers With Growth and Income Prospects to Consider

## Description

Finding the right mix of investments can take time. When the market is incredibly volatile, as it is now, it can also be a very stressful undertaking. Fortunately, it doesn't need to be complicated or stressful, owing to the simple fact that even in a down market, there are plenty of opportunities to be had, often materializing in areas we least expected.



Here are two such opportunities worthy of consideration.

**Canadian Tire Corporation** (TSX:CTC.A) may not initially come across as an incredible investment option, particularly considering the struggles that retail stocks undergone in recent years as the rise of mobile commerce have chewed into results.

In the case of Canadian Tire, the company's transformation into a modern and successful retailer that has embraced technology in various ways — an example for the rest of the segment to follow. Whether leveraging a smartphone's camera to enhance a weekly flyer with additional content or using a driving simulator to test new tires in different road conditions, Canadian Tire has raised the bar for retailers.

More recently, Canadian Tire has turned to international expansion, and is bulking up its portfolio of brands as a hedge against online retailers. The recent purchase of Helly Hanson, an international brand that is sold in 40 countries worldwide, should dovetail nicely into the company's portfolio.

In terms of a dividend, Canadian Tire offers investors a generous 2.39% yield, which has been the subject of several increases in recent years.

Why should you invest in Canadian Tire? Strong results, a growing dividend and an emerging moat around an array of brands that are well-known and popular to Canadians.

**Loblaw Companies** (TSX:L) is another interesting retailer that investors should take into consideration. As the largest grocer in the nation, Loblaw has stores scattered around the country that are augmented by the equally impressive number of pharmacy stores in its Shoppers Drug Mart chain.

When Loblaw acquired Shoppers several years ago, the company opened a literal Pandora's Box of opportunity. Loblaw owns an impressive array of brands that are wildly popular with consumers, such its line of President's Choice products.

Shoppers' Life brand is another popular store brand, and putting both lines of products on the same shelf has created immense possibilities for cross-merchandising in both sets of stores.

Why should investors consider investing in Loblaw? There are several reasons to consider.

First, groceries, and, to a lesser extent, personal items and pharmaceuticals sold in Shoppers are a staple of our life. We need to buy food, toiletries, medications and a variety of other goods on a weekly basis. The fact that Loblaw has such an impressive network of locations that blankets the country will keep a constant flow of traffic into stores.

Second, grocery stores still haven't been subject to the growing number of smartphone-wielding consumers that other parts of the retail segment have witnessed in recent years. Grocery shopping is still very much a personal thing that people want to do on their own, and perishable and fragile nature of food makes the leave-at-your-door delivery model used by others less likely to catch on.

Despite that moat, Loblaw has refused to sit on its laurels. The company has dabbled with both third-party personal grocery delivery services and online ordering with in-store pickup options that are showing promise with consumers.

Additionally, turning back to the Shoppers chain for a moment, the potential upside from offering a delivery service for its products could be a game changer, which Loblaw has teased in recent years.



Finally, in terms of a dividend, Loblaw offers a respectable 1.80% yield.

**CATEGORY**

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**TICKERS GLOBAL**

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2. TSX:L (Loblaw Companies Limited)

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