



## Looking for Long-Term Growth? Time to Reconsider This Retail Stock

### Description

I've always been a big advocate on investments that [provide a handsome return](#) mainly in the form of dividends. I say "mainly" because there are some exceptions to that rule, and **Alimentation Couche-Tard** (TSX:ATD.B) is one of them.

While Couche-Tard does offer a dividend, the paltry 0.56% yield on offer seems more like a rounding error than a compelling reason to consider an investment in the stock. That being said, there are a number of compelling reasons that prospective investors may want to consider Couche-Tard as a long-term holding for nearly any portfolio.

### Investors need to see the silver lining in Couche-Tard

Couche-Tard is one of the largest operators of gas stations and convenience stores in North America, with operations all across Canada and in 41 states in the U.S. Apart from that massive size, there are two unique aspects to the niche that Couche-Tard operates in that are often dismissed by potential investors that the company has begun to use to its advantage in recent years.

The first area comes in the form of store ownership. Convenience stores and, by extension, gas stations are typically owned and operated over a regional area, which makes them perfect acquisition targets for larger companies such as Couche-Tard to swoop in and acquire an entire network of stores in a new market. This is one of the key reasons why Couche-Tard was able to expand so quickly over the past few years and remains a key area of interest when considering future expansion options.

That's not to say that Couche-Tard hasn't gone for larger companies; the 2017 CST brands deal, which was also the largest acquisition to date for Couche-Tard, added 1,300 new locations across the U.S.

The second overlooked point comes in the form of the emerging complementary products, facilities, and potentially new markets that Couche-Tard continues to both acquire and expand. The key point here comes in the form of expanding the availability of various food service items, both popular local products offered as well as acquired products that could be rolled out across its network. Adding food service items can not only become a boon for existing business but can also lead to new business

opportunities and traffic. By way of example, in Couche-Tard's most recent quarterly update, the company noted that there was a 4.6% uptick in same-store merchandise revenues in Europe, which was widely attributed to the roll-out and expansion of food programs.

Turning to Asia, the opportunity in that market is even more lucrative. In the established markets of North America and Europe, convenience stores and gas stations are seen more of an interim stop while en route to an intended destination, but in the emerging markets of Asia, convenience stores are becoming more of a destination for people to gather and purchase food items.

This has led to operators in the region to expand their menus and improve the comfort of customers visiting those stores, either through improved seating or adding air conditioning. Couche-Tard has teased expanding more into Asia and offering an improved experience to customers on more than one occasion, which seems like a logical next expansion step for the company.

## Should you buy right now?

Critics of Couche-Tard often point to the fact that growth has slowed in recent years and that perhaps the once-aggressive stance towards expansion has cooled, particularly as higher interest rates and volatile fuel prices continue to provide some semblance of uncertainty.

This couldn't be further from the truth.

What Couche-Tard is doing is something that investors, both existing and prospective, should be ecstatic about. Couche-Tard has been engaged in a multi-year integration and re-branding exercise that is consolidating the number of brands, realizing cost synergies from all of the recent acquisitions, and working on increasing traffic through the expanded menu offerings.

In my opinion, Couche-Tard should be part of any growth-focused portfolio as a [long-term holding](#).

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dafxentiou

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