The Best Retail Stocks: 2 Stocks You Should Buy Now

Description

Thanks the emergence of online retailers and rising popularity of e-commerce, the past two decades have seen a radical transformation of the traditional retail shopping landscape.

Yet these two Canadian retailers have managed to hold their ground by following two different, but equally successful business approaches.

Alimentation Couche-Tard Inc Class B (TSX:ATD.B) recently became the largest publicly traded company in Canada as measured by total dollar volume of sales, surpassing insurance giant **Manulife Financial Corporation** in the process to take top spot.

Couche-Tard, which has grown largely by acquiring the businesses of smaller, fragmented competitors, has maintained a fairly low profile throughout its ascent to the top of Canada's heap of retail outlets.

As the company's CEO, Brian Hannasch, said during the company's investor day this past January, "We're the largest $50-billion company nobody's ever heard of."

But while Alimentation Couche-Tard may not be much of a household name yet, more and more "Circle K" branded convenience stores continue to pop up across the country, and it probably won't be long before Canadians start becoming more familiar with this fast growing retailer that sticks to basics of selling the bare essentials, items like gasoline, chips, and even yes, grilled cheese sandwiches.

Although Couche-Tard may not yet be quite a household name among consumers, it's certainly been a popular name among investors over the past decade.

The ATD shares are, after all, up more than 2100% since 2009.

Dollarama Inc (TSX:DOL) is another company that, like Alimentation Couche-Tard, isn't exactly trying to re-invent the wheel, so to speak.

Dollarama carries a wide variety of household items – things like party decorations, arts and craft supplies, grooming necessities and basic kitchen utensils – all for less than $4 each.

In an era in which many traditional brick-and-mortar retailers are facing very real – and in some cases even existential – threats to their business models, Dollarama has not only been able to survive, but also managed to grow its business very significantly over the past decade by continuing to add new stores to its existing retail network.

Granted, that's a strategy that does have certain limitations, as there are literally only so many places in Canada that can support their own Dollarama store, but with plans to add another 60 to 70 stores this year, this is a growth story that should be expected to continue at least through the rest of this year, and maybe much longer than that.

Foolish bottom line

As Bob Dylan's former back-up band, "The Band" once said, "*Ya take what ya need and ya leave the rest.*"

In an era where retailers across the board are being forced to re-think their business models, these two companies have managed to succeed by sticking to the basics and providing Canadian shoppers with an outlet to purchase everyday household items on the spot without the need for an internet connection or scheduled delivery time.

At least so far, it's a business model that's been working.

Investors will want to take note of these two fast-growing retail stocks as standouts in a sector where growth has become anything but the norm.

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