



## 2 of the Best Consumer Defensive Stocks to Buy Today

### Description

Consumer defensive stocks are ideal for providing your portfolio with stability and protection, especially in times of market turmoil. While these stocks don't nearly have the growth opportunities of some other sectors, it doesn't mean you have to give up exposure to growth completely.

Some of the best stocks in the consumer defensive industry have well thought out growth plans and, through strong execution, have been able to implement these plans to create opportunities that wouldn't otherwise exist.

On top of growth in the share price, these stocks continuously grow their revenues, margins, and earnings, which all flow down to the dividend, increasing the [passive income](#) that investors receive each year.

Two of the top consumer defensive stocks with some of the best [growth potential](#) are **Alimentation Couche-Tard Inc** (TSX:ATD.B) and **North West Company Inc** ([TSX:NWC](#)).

### Alimentation Couche-Tard

Alimentation Couche-Tard is one of the best consumer defensive companies and operates roughly 16,000 gas stations and convenience stores in 27 countries around the world.

Both fuel and some of the major items bought in convenience stores, such as tobacco products, are defensive items, which won't see much of a change in demand regardless of the economic conditions that the market is experiencing.

That makes Couche-Tard's business highly defensive, but looking at its past share price appreciation and some of the numbers it has reported, you can see how it has strong growth potential as well.

The company has historically derived roughly 70% of its growth from acquisitions, and although it plans to try and grow more organically, it still aims to get 50% of its growth from companies and locations it acquires.

The organic growth has mainly been focused on growing its brand loyalty, which is why it has been consolidating its store banners in hopes that the increased brand awareness will also help to drive same store sales growth.

Its clear looking at its numbers and share performance that these plans have paid off, as diluted earnings per share increased at a compounded annual growth rate of 22% since 2011 and year to date its stock is up more than 20%.

## North West Company

North West Company is a retailer that serves Western and Northern Canada, Alaska, and the Caribbean, operating in many rural communities. The communities it operates in are underserved, giving it an advantage as being one of the largest and strongest operators in each of the regions.

On top of that, the company has been working to vertically integrate itself, bringing down costs and improving margins, to better position itself as the leading retailer wherever it operates.

One of the ways it has done this is through its acquisition of North Star Air, which will help it tremendously to manage costs and gives it a major advantage over its competitors as it controls the cost of freight to these remote communities.

It also presents a prime growth opportunity for the company, and makes adding new stores to its network an easier decision if the logistics and economics make sense.

It continues to focus on strengthening its network of stores and improving the stability of the business, to operate as smoothly as possible through all market conditions.

Its main targets are to deliver strong and stable returns while maximizing cash flow and increasing its dividend.

The dividend has been increased nearly 15% since 2014, however its payout ratio is the lowest it's been during that stretch, at less than 70%, so it could see a large dividend increase in the near term.

Plus at this historically low payout ratio, it still yields an attractive 4.75% which is rewarding long-term shareholders while they hold the stock.

## Bottom line

Adding defensive stocks to your portfolio is a prudent move, but it doesn't mean you need to sacrifice growth.

Finding stocks that can offer you both will put your portfolio in the best position and allow you to grow your capital while taking the appropriate steps to protect it as best as possible.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:NWC (The North West Company Inc.)

## PARTNER-FEEDS

1. Business Insider
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## Date

2025/08/23

## Date Created

2019/11/23

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