



## Meet 2 Retailers Surviving the Pandemic

### Description

When the COVID-19 pandemic hit, retailers around the world were forced to close their doors. This led to an unprecedented number of layoffs and store closings. Fortunately, there are some elements of the retail segment that have not only survived but are thriving under this new reality.

Here's a look at two of those retailers and whether they warrant an investment.

### How to survive a pandemic

The pandemic has changed our lives in ways that were simply not even imaginable a few months ago. Many of us are working remotely indoors for extended periods of the time. As a result, many home projects are now being completed, and people are buying the necessities to make that home working environment much more enjoyable.

So, where do Canadians go to buy items for their homes? The answer for most is **Canadian Tire** ([TSX:CTC.A](#)). The iconic Canadian retailer sells everything from automotive parts and cleaning supplies to clothing and garden supplies — in other words, anything that consumers would want to buy to hunker down in this pandemic can be bought at Canadian Tire.

That much was evident in Canadian Tire's recent quarterly update. Specifically, Canadian Tire reported a 0.7% increase in first-quarter comparable sales during that quarter. That's impressive considering that Canadian Tire stores were closed during much of that quarter. Instead, Canadian Tire has relied on online shopping, curbside pickup, and limited delivery service to bolster its bottom line and survive.

As further proof of that trend, online sales shot up 80% in the quarter at Canadian Tire, and across all brands it was an impressive 44%.

Overall, the company reported a loss of \$0.13 per share, while revenues of \$2.85 billion surpassed expectations.

Looking forward, Canadian Tire represents a solid long-term option that should see gradual growth

now that stores are beginning to open again.

## This business thrives in downturns

If a big retailer with massive stores is not your preference, an [alternative investment](#) option could be dollar stores. Specifically, I'm referring to **Dollarama** ([TSX:DOL](#))

There are a few key reasons why Dollarama is an appealing investment right now.

First, dollar stores don't just survive during downturns; they thrive. During these times, consumers are looking for bargains, and one of the ways to cut costs is to shop where there is more buying power. Dollarama does this through its fixed-price system and the use of bundling products together.

Second, while Dollarama did reduce hours across its stores to allow for cleaning and restocking, its stores remained open. The company also installed social-distancing markers, shields at check-outs, and provided protective equipment to its employees. In other words, Dollarama has adapted to the challenging needs of this pandemic. This will be a key factor in surviving the pandemic.

Finally, there's Dollarama's online channel. Dollarama's bulk e-commerce portal remains a competitive advantage over its discount peers. Similarly, the lower price point and diverse product offering keep larger online retailers at bay. In other words, that [defensive](#) appeal is just one part of a promising long-term investment option.

## Final thoughts

No investment is without risk. Both Canadian Tire and Dollarama cater to niche retail segments that, while not immune, still carry opportunity. The same cannot be said of other retail segments that have been absolutely clobbered in the past few months. To put that another way, investors should be focused on the long-term opportunity, not short-term pain.

If you can tolerate the risk, both will provide valuable additions to any portfolio. Buy them, hold them, and you will survive this pandemic-crazed market.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:DOL (Dollarama Inc.)

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