3 TSX Retail Stocks That Will Survive the Pandemic No Matter What

Description

The coronavirus pandemic has had a significant effect on a few specific industries — one of them being **TSX** retail stocks. Retail companies have faced considerable headwinds in the last few years.

E-commerce has been a major headwind, as competitors move their businesses online and cut huge amounts of costs. Nevertheless, one trend that has been prevalent for a while in retail stocks is that the best of the best will continue to operate with resiliency.

And, as a matter of fact, these businesses are so strong, have such major competitive advantages, and have such a strong, loyal customer base that they can even pick up market share and thrive in these environments, while their competitors struggle to survive.

Here are three of the top TSX retail stocks you can count on to emerge from this pandemic.

One of the oldest TSX retail stocks

The first high-quality retail stock on the TSX is **Canadian Tire** (TSX:CTC.A). Canadian Tire is one of the oldest and most well-known brands in Canada. Lately, it has been acquiring companies and diversifying its portfolio considerably.

This only adds to the dominance of the business. It helps expand Canadian Tire's highly popular loyalty program and promotes better cost efficiencies as well as organic growth.

The company has even done an impressive job of growing its e-commerce segment, although the majority of the products it sells are better purchased at physical stores.

In the first quarter of 2020, Canadian Tire saw only a 2% decline in its sales. This is pretty impressive and shows how resilient its business is.

Its extremely favourable financial position and relatively cheap valuation makes Canadian Tire a buyfor long-term investors today.

One of the top TSX growth stocks

Another top TSX retail stock that isn't going anywhere is **Dollarama** (TSX:DOL). In fact, Dollarama will likely see an increase in its business, especially over the long term.

Not only does the company provide mostly staples, but it does so at competitive prices, which drives massive volume increases when consumers are trying to save money.

And there's likely no greater time when consumers become budget conscious than a recession where consumer debt levels are at record levels.

And because the stock has and will continue to see an increase in sales, it makes it a high-quality, defensive business. This highly defensive business could help protect your money in a market crash.

During the first market crash in February and March, Dollarama stock only fell by 11% vs. the TSX, which fell by roughly 35%. Furthermore, Dollarama stock is now up more than 10% from its pre-pandemic price. The TSX, however, is down by more than 10%.

The stock may be priced at a premium today, but that's because it's not going anywhere. In fact, now may be the perfect time for long-term investors to buy this top TSX growth stock.

An emerging fashion retailer

The last stock, **Aritzia** (TSX:ATZ), is the only stock on this list that sells only discretionary items. While Canadian Tire and Dollarama both make the list for their well-diversified and defensive retail businesses, Aritzia makes the list solely because of the company's quality.

Don't get me wrong, Aritzia has a long recovery ahead; however, unlike other fashion retailers, Aritzia will be able to survive the pandemic.

Aritzia was about as well positioned as it could have been for the lockdown, as it had been recently focusing on growing its e-commerce to account for 25% of its sales. So, the impressive platform, which brings a tonne of benefits to the company, was ready to handle the increased volume as all stores were shut down.

Lately, investors have worried about retail stocks with considerable brick-and-mortar locations; however, Aritzia was building its store count. Plus, the economics of opening new stores were incredible.

Furthermore, management has always stated the stores act as a marketing tool. So, increasing the number of its boutiques goes hand in hand with increasing e-commerce sales.

Bottom line

During this pandemic, investors should proceed with caution when buying any TSX stock. This is especially true when considering stocks in the hardest-hit industries.

However, if you are considering these three stocks, you should have nothing to worry about.

CATEGORY

1. Coronavirus
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

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Date
2025/08/27
Date Created
2020/06/25
Author
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