



2 Excellent Retail Reopening Plays to Buy Today

Description

As we move closer to the end of the pandemic, the search is on for the top retail reopening play.

There are plenty of meme stocks to choose from. However, those options are more for speculators than investors.

In this article, I'm going to look at two higher-quality Canadian retailers I think are worth a look. So, let's get into it.

Aritzia

For investors seeking a growth play in the retail space, I believe that **Aritzia** ([TSX:ATZ](#)) is an [excellent option](#). Recently, the company has been focused on expanding its operations in the United States. Accordingly, with what appears to be a highly successful vaccine rollout south of the border, it seems there's plenty of upside on the horizon for this stock.

This company's business model has already proven to be a success in the most competitive cities, like Los Angeles and New York. Accordingly, I have no doubt that this model is replicable across other cities in the U.S. as well. Coincidentally, Aritzia has an enthralling omnichannel value proposition. That is why this company's e-commerce sales improve in markets where it establishes a new store.

The Vancouver-based company understands that online stores are the future. These not only provide Aritzia with unlimited shelf space. Online stores also allow the company to stock a vast collection of products and increase the company's SKU count. Indeed, it appears that Aritzia is in an excellent position to accelerate its revenue growth and return on equity over the long term.

Canadian Tire

Canadian Tire ([TSX:CTC.A](#)) has been on my watch list for quite some time. Why? Well, there are a few reasons.

First, this Toronto-based company showed tremendous resilience during the pandemic. The company's recent earnings certainly deserve a round of applause. Even Greg Hicks, the chief executive officer of the Canadian Tire, referred to its performance in the latest quarter as "ground breaking."

Despite the [pandemic-induced crisis](#), this company recorded a 13% growth in sales. Furthermore, the seasonal Christmas sales of Canadian Tire increased by 40% on a year-over-year basis. Indeed, this is quite an accomplishment given how much retailers were impacted during this period. The key driving factor behind this performance was Canadian Tire's e-commerce sales, which represented staggering growth of 179%.

Second, Canadian Tire has stellar fundamentals, as far as retail stocks go. Canadian Tire has a free cash flow yield of 17%. This retailer has been able to increase its cash flow to approximately \$1.9 billion. Indeed, this indicates a TTM year-over-year growth rate of 517%. Furthermore, as per reports, the sales per share of this retailer have increased to 53%, surpassing analysts' projection of 44%.

For investors looking for a long-term retail holding, I have no doubt that Canadian Tire remains a top pick for investors today.

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TICKERS GLOBAL

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

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