



1 Safe Stock to Own for the Next Decade

Description

Loblaw ([TSX:L](#)) has adopted a [connected healthcare network strategy](#) that gained traction in 2020. More than ever, Canadians appear to be turning to new ways of accessing healthcare, and the company is shifting the customers' mindset around Loblaw's enterprise's total health offering. Canadians seem to rely on Loblaw to deliver a seamless [omni-channel health experience](#) and are starting to view it as the starting point for healthcare.

Health wellness app

Last year, Loblaw launched a President's Choice (PC) health wellness app in four provinces, invested in Maple to help connect patients with professionals virtually, and expanded the company's first digital care technology, called Medeo, which is now being used by over 750,000 patients. Loblaw also launched the company's first managed clinic, delivered in-store virtual care, and enhanced the company's mental health hub.

Payments and rewards strategy

Further, Loblaw appears to be building on this progress, with the goal of being the front door to healthcare for Canadians. The company has continued to move the business and strategy forward, creating value over the long term. As part of Loblaw's payments and rewards strategy, Loblaw launched the PC Money account, exceeding the company's own expectations for sign-ups in the first few months and, once again, made everyday banking simpler and more rewarding for Canadians.

Personalized value

In addition, the company also re-launched the PC Optimum insiders program, ending the year ahead of the company's targets, while continuing to offer personalized value to the company's customers through PC Optimum, which was recently named one of the Top 10 Most Influential Brands in Canada by Ipsos.

Re-launching the company's purpose

Last January, right before COVID-19 took hold, Loblaw re-launched the company's purpose internally and reminded employees that the company exists to help Canadians live life well. Now, over a year into a global pandemic, this purpose appears to have an entirely new context. Time after time, in fiscal 2021, Loblaw's customers have showed appreciation to the company's employees for the service provided during the COVID-19 pandemic.

Delighting customers

Recently, Loblaw's customers rented billboards and left them outside the company's stores to say thanks. Clients also drew messages of support in chalk on Loblaw's sidewalks and brought coffee and flowers for Loblaw's staff. The company has managed to delight customers, and this provides significant customer loyalty. This has led to Loblaw continuing to move the company's business and strategy forward, creating value over the long term.

Significant incentive

Additionally, Loblaw's management owns a significant chunk of the company's stock, creating great incentive for the company to do well. The company has structured compensation and incentives in a manner that encourages long-term thinking. This ensures that decisions are made at the corporate level, keeping in mind the long-term strategic objectives of the company.

Well-diversified business model

Also, Loblaw's business model is very well diversified, which reduces risk for shareholders. The company is essentially a conglomerate, and several of the company's businesses are recession resistant. Even in the middle of the pandemic, customers continued to shop at multiple Loblaw's stores. This demonstrates significant brand value.

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