



3 Top Retailers to Buy as Pandemic Reopening Plays

Description

Among the sectors with the most [upside](#) coming out of this pandemic, retailers have been some of the best-performing stocks over the past year. Of course, investor optimism with respect to what the future hold plays a big role in this performance. However, some Canadian retailers are currently flying under the radar.

Let's take a look at three such stocks investors may want to take a look at right now.

Top retailers to buy: Aritzia

For investors seeking a growth stock in the retail space, **Aritzia** ([TSX:ATZ](#)) is a great option.

This Canadian retailer has been expanding aggressively south of the border. Indeed, this expansion appears to have gone off well. Aritzia has seen impressive success in major cities like New York and Los Angeles. Accordingly, there are expectations that Aritzia's brand could be met with success in other major markets as well.

The company's omnichannel platform is another intriguing driver of this company's growth. By mixing in-person and online retailing options for the company's clientele, Aritzia stands to benefit off higher margins and high levels of customer satisfaction.

With a strong brand, solid business model, and impressive growth of late, I expect Aritzia stock to continue to do well over the long term.

Canadian Tire

One of the top retailers in Canada I've been watching for some time is **Canadian Tire** ([TSX:CTC.A](#)). This Toronto-based retailer has more than rebounded from the pandemic of late. The company's CEO recently called Canadian Tire's results "groundbreaking," which they were.

Canadian Tire has managed to show revenue growth of 13% in a rather difficult time to be navigated in these markets. Additionally, seasonal sales in previous quarters increased by 40% year over year. For those excited about what the holidays could bring in Q4, this is extremely bullish.

Canadian Tire's current [cash flow yield](#) of 17%, driven by annual cash flow growth of more than 500% and \$1.9 billion in cash flow over the past 12 months, is incredible. Indeed, this is a retailer with among the best growth profile, along with the best balance sheet, of its peer group right now.

Roots

A higher-risk, higher-upside pick among Canadian retailers is **Roots** ([TSX:ROOT](#)). This retailer, famous for its beaver logo, has offered a rather impressive pandemic rebound thesis of late. Indeed, Roots was among the hardest-hit companies in the retail segment this past year. However, looking at Roots's business model, there's reason to believe upside could be around the corner.

Like other retailers, Roots has done well to revolutionize and improve its business model. There's growth potential with this stock, if the company can make its transformation.

Accordingly, this is a stock I'm watching right now but not sold on. Time will tell how this company performs. However, those seeking a stock at the higher end of the risk spectrum may be well rewarded with this little-known retailer.

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2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:ROOT (Roots Corporation)

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