Title  
   
Group Project Team 2

Team members:  
  
Robert Gee  
(type your student number here)  
(university of Windsor gmail)

Kanze  
(type your student number here)  
(university of Windsor gmail)

Matther Classen  
(type your student number here)  
(university of Windsor gmail)

Danuja Thathsara Opita Pathiranage  
(type your student number here)  
(university of Windsor gmail)

Tran Ngoc Doanh  
110092702  
[tran97@uwindsor.ca](mailto:tran97@uwindsor.ca)

STEN1000-1-R-2022S (Introduction to Business)  
Instructor: Nicole Anderson

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***Executive summary:***  
As a retail corporation, Canada Tire operates in varieties of markets including the automotive, hardware, sport, leisure, houseware sector, and houseware sector. Lauched the first time by Alfred J. Billes and J. William Billes in 1922 under the name of Halminton Tire and Garage, the tire-focus strategy was emphasized more in 1927 with the incorporation of the name Canada Tire Corporation Limited. Going through ups and downs, the Coporation now owns multi-market companies including Mark's, FGL Sports, PartSource, Helly Hansen, et al .The SWOT analysis allows Canada to identify areas of the business that are performing well and recognize its weakness as well as the opportunities and existing and predictable threat in the market, which help them remain competitive advantages. The analysis was utilized to identify how Canada Tire would interact and utilize its resources including personal, brand images, market expansion, et al effectively to become more competitive in several markets. As one of the biggest company with deep history and good dignity in several areas, their experience and connection with suppilers and customers are the leading factors in the success of the company .In effort to expand and diversify its market position, Canada Tire has cooperated with US-based chains like Walmart and Home Depot, which took over Forzani Group to be able to expand to the youth market. To be able to achieve that Canada Tire has possessed several experienced executives and a depth of brand and products and several other advantages. The Porter’s 5 forces analysis help Canada Tire figure out where the power lies, the relationships between customer, and suppliers, rivalry in a business situation, and the assessment of the attractiveness of an industry which is essential for a multi-market corporation like Canada Tire. With the substantial economy background, the thich experience in several markets and good colaborations between companies in the coporation of Canada Tire Coporation Limtited, the suppliers are definitely the advantage of Canada Tire with cost-effective resources, which lead to the competitive prices in the retail stores .Since the majority of their customers are individual retail users and small commercial operations, the customer power is small in their business operation. Changes in governmental policies, availability, or prices of products could lead to possible new entrants. Moreover, the occupation of target location and rebuying competitive brands in Canada of corporations with substantial economic background would also impact remarkably the market Canada Tire is operating on.

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***Introduction***

Canada Tire Corporation is one of the most well-recognized Canadian organiztion as the retail chains with its long stories in journey to find their competitive advantages and position in market. First founded in 1927 when the demand for car ownerships is third highest third highest. By purchasing the same manufactors that bulit for Ford and GM, the corporation has obtained the price advantage in repairs and do-it-yourself maintainance market.With the model of franchise, which later lead to success of the corporation with over 1700 locations in Canada. Canada Tire is well-known with their do-it-yourself and repair services and their target customers is inviduals and small commercial operations; therefore, the locations of store is one of their biggest advantages, which make the commutation of local people more convinient. Their large product range ( from automative, kitchen tools, camping products, car parts, et al) has made any stores of Canada the all in one place to purchase daily and essential merchandises for local people. Customers have the convinience to access guaranted products with low price in each every 1,5 km in most of place in Canada, forming the brand image of this corporation and their position in the market.

With efforts to expand their markets and improve product quality as well as remain competitive, Canada Tire Corporation has bought and founded several comapnies including Mark’s Work Ware House, Helly Hansen , FGL Sport, SportChek et al.

***Content and analysis:***

(Part 1)  
Compelling Introductory

Concluding Positioning

relevant Company History

Description.  
  
(Part 2)  
A comprehensive and meaningful strategic discussion that ties together the nature, means, and dynamics of the organization’s approach to value creation and sustained competitive advantage (Value proposition)

***(Part3 has been done)***

**SWOT Analysis**

***Strengths (Internal):***

* **Management Depth:**
* Senior Leadership:
* Greg Hicks
* President / CEO of CTC Ltd since March 2020
* Prior was President / CEO CT Retail (# > 500 Stores)
* Responsible for growing brand revenue to more than $4B.
* Has BA From Western, HBA from Ivey
* Awarded Top 40 Under 40.
* Has over 20 years internal experience within Canadian Tire Brand. Has strong knowledge of internal operations and experience.
* Jim Christie
* Executive Vice President, CTC – Strategic Advisor and General Counsel
* With CTC since at least 2013
* Also Chairman of the Board of Directors for Canadian Tire Bank.
* Prior experience includes Partnership at Blake, Cassels & Graydon LLP (joined 1976.) Focus in Corporate and Commercial Practice with emphasis on financial institutions. He was managing partner 1995 to 2001, Chairman from 2001 to 2009.
* Robyn Collver
* Senior Vice President, Regulatory Affairs and Chief Sustainability Officer.
* Asses risk management exposures.
* With CTC Ltd since 2002
* Prior to CTC, was a partner at a major Canadian Law Firm specializing in Corporate and Securities Law.
* Gregory Craig CPA, CMA
* Been with CTC since 1994, previously President of CTC Financial Services before 2020 appointment of Executive Vince President and CFO.
* Also served in senior leadership roles as CFO of Sport Chek and Mark’s.
* Holds MBA, CPA CMA.
* Additional Details can be found on the Canadian Tire Website
* **Depth of Brand and Product Offering:**
* CTC Limited is the parent entity to several subsidiaries including:
* Canadian Tire (Retail Stores)
* Retail store that provides products and services including automotive, electrical, plumbing, small tools, housewares, electronics and minor home appliances, seasonal and outdoor products, etc.
* Some dealers also operate an automotive repair shop where passenger and light commercial vehicles can undergo repair and maintenance.
* CT Retail Stores employs a dealer based model where qualified individuals purchase shares of an existing dealer, once they have completed a Dealer Training Program. Dealers often move throughout the country as they move from smaller retail stores to larger ones.
* Sport Chek
* Retail store that provides athletic sportswear, and related merchandise, including weights, minor fitness equipment, etc.
* Mark’s
* Retail store that provides work attire ranging from construction grade clothing (Steel toe boots, non-slip foot wear) uniform style clothing (overalls, medical grade scrubs), and business casual clothing (dress shirts, ties, dress pants).
* Canadian Tire Financial Services
* Focuses primarily on individual retail use CT Credit Cards, that build upon Triangle Rewards
* CT REIT
* Focuses on Real Estate holdings of the locations utilized by corporate stores and dealers.
* Helly Hansen
* A brand line of clothing that focuses on industrial grade work wear, and outdoor clothing.
* Distributed through the Retail Brands Sport Chek and Mark’s.
* Part Source
* Retailer focusing almost exclusively on auto parts and accessories for passenger and light commercial use vehicles.
* The operation employs a dealer style operation whereby dealers are owners under a ‘franchise style’ agreement with Part Source.
* Canadian Tire Gas
* CT Gas Stores provides basic fuel grades including gasoline and diesel. Most stores also have a small retail kiosk to sell minor vehicle accessories, snacks and drinks, etc.
* Atmosphere
* Retail store that focuses on outdoor clothing and equipment such as camping; boating; hiking gear, etc.
* The number of stores are limited throughout Canada but they do provide a brand position within Canada.
* Sports Experts
* This subsidiary provides sportswear and fitness equipment. They predominantly supply over 100 brick and mortar stores within the Province of Quebec.
* Party City
* This subsidiary is a corporate store based party supply retailer with operations throughout Canada.
* They focus on constant party themes (Birthdays, Anniversaries, weddings) as well as seasonal party events (Halloween, Christmas, Easter, etc.)
* Hockey Life
* Jump Start
* **Heterogenous Dealer / Corporate Structure for Subsidiaries**
* Brands such as Canadian Tire Retail Stores and  Part Source employ a dealer model. Individuals work within a store for three years in a management / dealer trainee role. Upon completion, the individual is in line to either purchase an existing dealer operation or launch a new location depending on the strategic needs of the parent entity.
* If CT Retail Store Dealers do not have the required 25% equity to purchase their operation, they can apply to have their shortfall funded by the Canadian Tire Dealer Trust, which provides capital for new dealers that do not have 25% equity.
* Brands such as Mark’s, Party City currently operate as Corporate Store structures with all staff members as employees of the subsidiary.
* This heterogenous model mitigates some of the concentration risk by having dealers take on some of the operating and financial risks associated with running the operation.
* **Financial Performance**
* Review of three year audited financial reporting shows consistent strong operating performance.
* COGS remains strong YoY, in line with NPMs YoY
* Entity maintains strong liquidity, which allows for flexibility in taking advantage of opportunities for growth. The reader should be cautioned that a significant source of Working capital element of liquidity is inventory. We have no direct insight to any commentary on obsolescence of inventory.
* **Market Presence within Canada**
* While some subsidiaries have significantly fewer numbers of locations, entities such as Canadian Tire Retail, Fuel and Mark’s have significant presence across the country.
* A breakdown of locations is provided in their annual financial reports
* The parent entity has focused on brick and mortar locations being within driving distance of Canada / US Borders, where the majority of the Canadian population lives and works.
* The various brands are also connected via the Triangle Rewards Program, a loyalty incentive for existing customers across the banners to continue to shop within the group.
* The parent entity, CTC limited has shown great success both in organic, self directed brand expansion (CT Retail; CT Gas, CT Financial Services) as well as Brand Acquisitions (Mark’s, Sport Chek, Party City).

***Weaknesses (internal):***

* Parent Branding and Expansion
* Using the Name Canadian in Canadian Tire may have benefited the operation to grow nationally within Canada. However, it may have limiting effects if / when the operation chooses to expand globally. Some subsidiaries may not be weighted down by the effects, (Sport Chek, Mark’s). However, Canadian Tire Retail Stores, CT Financial Services, and CT Gas may have barriers.
* Internal Brand Competition
* Canadian Tire Retail Stores offers automotive parts to commercial operations (automotive mechanics and body shops) along with retail end users. Part Source offers similar products and services to similar customers. Atmosphere, Helly Hansen, Mark’s and Sport Chek all have some brand and product overlap.
* Car makers such as Ford and General Motors had to cull internally competing brands within their lineup to ensure survival in the late 1990’s and early 2000’s. Without an ability to distinguish or properly brand the differences, often the overlap doesn’t lead to increased market share and the costs and outweigh the benefits.
* While Sport Chek markets itself differently from Mark’s, HH versus Mark’s may fit a similar problem as CT Retail Stores for Automotive and Part Source.

***Opportunities:***

* Brand and Banner Expansion
* CTC limited has enjoyed a great deal of success in brand expansion, by both natural organic expansion (such as CT Retail Stores) and acquisitions such as Mark’s, Sport Chek, Party City, etc.
* The ability to strategically purchase brands / banners that compliment the existing operations could enhance national competition within Canada. It could also strengthen the operation and prime it for international and global expansion.
* CT Financial Services / CT Bank Expansion
* Currently the product offering from CT Financial Services / CT Bank is primarily round providing retail user Credit Cards.
* Assuming they meet regulatory requirements, it’s not out of the realm of possibility that they could expand to additional retail lending and easily market these services to existing CT financial services customers, along with others within the CTC Limited Banner.

***Threats:***

* The organization, while being a large operation in Canada, lacks an international / global presence. Competitive elements from operations with global scale could pose a threat to market share
* CTC Limited Brands tend to be Brick and Mortar stores with online shopping availability. Physical locations tend to require significant CAPEX spending for both launch and maintenance. Competing online brands have lower CAPEX Spending costs relative to Brick & Mortar Stores. This could at minimum cause a shift of physical in-store shopping from buy off the shelf to experience based selling.
* Technology Changes – Three of CTC Limited Brands (CT Retail Stores, CT Fuel and Part Source) are, to varying degrees, reliant on internal combustion engine automobiles. With a focus on moving to Electric Vehicles, this threatens a core product / service offering of some of the larger banners within CT Limited.
* Brands reliant on Fashionable Trends – a significant source of revenue for CTC limited are clothing brands in Mark’s, Sport Chek, Canadian Tire, Atmosphere, etc. Fashion trends tend to be volatile as a product line on their own. Add to this the changes of consumer behaviour during periods of downward economic cyclicality, it’s certainly worth noting as an external threat.

**Porter’s 5 Forces**

Customer Power:

* Among all brands for CTC Limited, customers tend to be individual retail users and small commercial operations.
* Customer concentration tends to be low in any brand or product line. The largest concentration risk of customers would be small commercial operators (automotive repair shops) that may lean heavily on a local Part Source Dealer or CT Retail Store for automotive parts or tools. Beyond that, customer purchasing power is more a generic function of quality, pricing, and standard retail trends.

Supplier Power:

* Per the Audited Financial Statements, a substantial number of the suppliers for product lines are foreign suppliers. Beyond COVID 19 Considerations, Supplier Power is enhanced due to competing opportunities for suppliers on a global scale.
* Suppliers may range from small scale operators that provide localized products to stores along with large scale suppliers that provide automotive tools, automotive parts, outdoor and seasonal equipment, clothing brands, and fuel.

Competition / Competitive Rivalry

* The competitive landscape is largely fragmented. Competitors include large scale, global operations such as WalMart, Home Depot, Lowe’s, Princess Auto, NAPA Auto, Carquest, Dick’s Sporting Goods, Cabela’s, Bass Pro, etc. In addition to large scale operators, small boutique stores in local / regional settings with highly experienced staff cater to customers with additional means (discretionary spending power) that want a specialized product or experience.
* Competition is largely based on product availability, quality, reputation and pricing. Brands within CTC limited would likely be middle market. Higher quality than Global Brands Walmart or localized Canadian Brands Giant Tiger. However, some brands are considered higher end than CTC limited brand offerings (Snap-On tools, professional clothing from Moore’s versus Denver Hayes Brands,) etc.
* Canadian Tire Limited Brands have done well to keep up with online trends, offering services to customers for order and local store location pick up.

New Entrants:

* For Net New Market Bricks and Mortar stores, new entrants are possible, but at a likely slower pace. Significant capital costs for each location for property and equipment, combined with limited access of Economies of Scale means delayed competition in scale (new operators)
* For Existing New Market Bricks & Mortar Stores, new entrants are possible and can scale faster. Examples would include rivals from US entities, such as Dick’s Sporting Goods, Autozone  Auto Parts, could either setup and launch test stores in specific target regions or perhaps purchase competing brands within Canada and expand North of the border.

***Threat of Substitutes:***

* It’s possible some product lines may be vulnerable to substitution, ultimately, the product offering across multiple banners provides some protection against this risk.
* With the operation keeping up with digital shopping trends, it’s unlikely that substitution is a primary risk for CTC Limited.

***Conclusion***

Canada Tire is one of the most popular retail chains in Canada because of its competitive advantages which have been formed through the proper value propositioning in the retail market, the SWOT and Porter’s 5 Forces demonstrated weakness, opportunities, the power of the stakeholders, et al. Despite operating in the competitive Western market, with the deep history, thick experience in collaborating, value prioritizing and good decision-making at the right time, Canada Tire thrive in the market along with the good well-developed portfolio, convenient locations, and adequate sponsors. Canada Tire as a retail chain with huge ambition, and the connection between several industries is essential to the expansion and development, which creates a better understanding of the market and quality products. Thanks to the substantial economic background, there are many opportunities and strategies that the corporation could implement in the future business environment. For instance, the emphasis on social media such as Tiktok or Sweeter with appealing sponsors to target customers could stimulate the demand and increase revenues. In their responsibility to the community, especially in Covid 19 pandemic, the manufacturing of medical products such as chemical masks or virus protection kits could improve the brand image and their portfolio in the business market.

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