



Here's a Canadian Retail Stock You Can Own Without Losing Sleep

Description

2017 was a really nasty year for retail stocks. There are some pundits out there who have hope for retailers in the new year; however, I think such forecasts are a complete shot in the dark. Many investors, including me, expect more of the same in the new year as digital disruptors continue to wreak havoc on the entire retail industry.

Many retailers are scrambling to adapt to better co-exist with their digital counterparts, but let's face it; such initiatives won't offset the numerous pressures caused by the rise of e-commerce. I think 2018 will be another year many well-known retailers will go bankrupt, but that doesn't mean you should avoid the entire retail industry, since there are still high-quality retailers whose unique positions will allow them to co-exist and even thrive in the new era in retail.

Sleep Country Canada Holdings Inc. ([TSX:ZZZ](#)) is an example of one such retailer that I believe will be around for decades. Sure, no retailer is 100% immune to digital disruption, and Sleep Country is no exception, but the difference is that Sleep Country has a huge moat versus many other traditional retailers that have no moats and are thus easily affected by a rise of digital competition.

You've probably heard of the hottest trend in the world of sleep right now: the mattress-in-a-box. There are several digital mattress retailers that can stuff a full-sized mattress inside a box and have it shipped to your door free of charge. And if a consumer finds that the mattress isn't right for them, they can simply get someone to pick up their mattress and receive a full refund.

This model may sound ridiculous, but it's a model that's actually worked, and it's been a hit with millennials. The mattress-in-a-box scene has been quite competitive, but it's still a very small chunk of overall mattress sales, and it very well could be just a fad. Even if many think it's a fad, Sleep Country [hasn't been asleep at the wheel](#).

The company has its own mattress-in-a-box offering named Bloom, with similar features as its innovative digital counterparts, so even if mattress in a box is a fad, Bloom will keep Sleep Country competitive in the near term, as technological innovators attempt to reinvent the old-fashioned mattress retailing business.

In the end, I believe it only makes sense to try a mattress before you buy. Sure, the tech of tomorrow could cause some disruption to the space, but I don't think it'll make a long-lasting effect on mattress retailers like Sleep Country.

Bottom line

Sleep Country is a wonderful retailer with [ambitious growth plans](#) and a wider moat than many would give it credit for. It's one of the few businesses that I believe can thrive and outperform in a time when many retailers are on their way out.

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