



Meghan Markle Puts the Sparkle Back in Aritzia Inc. (TSX:ATZ) Stock

Description

Aritzia Inc. ([TSX:ATZ](#)) stock popped over 10% following the release of its impressive Q1 fiscal 2019 results following seasonal weakness.

The late-2016 IPO dud has since begun to pick up a considerable amount of upward momentum since bottoming out at the \$10 levels. So, has the company turned a corner? Is it finally time to place a bet in the woman's fashion brand that's now under the international spotlight thanks to the Duchess of Sussex, Meghan Markle?

Q1/F19 results were pretty "royal"

For the first quarter, Artizia clocked in an adjusted EPS of \$0.13, thereby beating analyst expectations of \$0.11. The company experienced 10.9% in same-store sales growth (SSSG), crushing expectations on the Street and beating the 9.3% in SSSG during the same period last year thanks in part to Meghan Markle's Aritzia wardrobe.

Moreover, recent discounting activities have drawn huge crowds within its brick-and-mortar stores, while Artizia's e-commerce platform has been generating a significant amount of traction recently thanks to the promising line of spring and summer wear that has found a spot with consumers.

Aritzia's brand is really sparkling now

Meghan Markle was spotted dawning Aritzia products on several occasions, which was likely a huge reason why Aritzia stock crushed expectations for what was supposed to be a quarter of seasonal weakness. I don't think Markle's positive impact on the Aritzia brand will stop at a single quarter, however.

I believe Markle has put the Aritzia brand on the global map ahead of the company's ambitious U.S. expansion plan and that the stock could pick up a tremendous amount of traction, especially if Markle continues to treat Aritzia as one of her go-to clothiers.

That's brand attention that money can't buy!

I suspect that Markel's affinity for the Canadian brand will inspire a ton of new prospective customers at the international level as she continues to dawn new Aritzia items as a part of her wardrobe.

"Excellent Q1 same-store sales growth highlights just how well consumers (including the newest member of the royal family) are responding to Aritzia's products," said Mark Petrie, an analyst at CIBC World Markets. "...the strong growth in the U.S. — in-store and online — proves out a highly differentiated and on-trend concept with a growing following."

Foolish takeaway

I've been quite [bearish](#) on Aritzia leading up to and following its IPO, but given the sparkle that Markle has given the latest quarter (and the brand), I think the stock could [soar much higher](#) from here as the company ventures into new geographic frontiers with its newly elevated level of brand prestige.

For Q1, gross margins rose 77 basis points year over year, which is remarkable and may be the start of a significant upward trend, especially if Markle continues to be spotted in the public sporting anything made by Aritzia.

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