



Why Canada Goose Holdings Inc. (TSX:GOOS) Is the Apple Inc. of Outerwear

Description

There's been no shortage of Canadian retail IPOs over the past few years with **Aritzia**, **Roots** ([TSX:ROOT](#)) and **Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)) issuing shares on the public market. Of all promising retail growth stories, the Goose was in a class of its own, and moving forward, I think it will continue to reign as the undisputed king of Canadian retail thanks to its incredibly powerful brand and its intelligent management team led by the mastermind CEO Dani Reiss, who's taking the family business to the next level.

There's no question that Canada Goose is the most remarkable growth story to arise from Canada's IPO scene in quite a while. It's remarkable that "Mad Money" (an American show focused primarily on U.S. stocks) host Jim Cramer has been bombarded with investor calls on the Canadian growth sensation over the past year. Indeed, there's no keeping the Goose down, even in a period of seasonal weakness.

The battle of Canadian apparel IPOs has been won

Back in 2017, Fellow Fool contributor Karen Thomas and I [faced off over whether Roots or Canada Goose was the better apparel IPO to buy](#). Karen went with the beaver (Roots), and sided with the Goose. Shockingly, Canada Goose and Roots went in opposite directions. The Goose has more than doubled since my original recommendation, and Roots' has since seen its share price plummet in value.

So, what caused me to prefer the Goose over the beaver?

Canada Goose exhibited traits that demonstrated that its brand was more powerful at the international level than the Street gave it credit for. In other words, the brand appeared to rank up there with the likes of **Apple**, as far-fetched as that seemed at the time.

"As management aims to increase brand awareness across international markets, I believe Canada Goose will reap the rewards from top-notch pricing power, not just in Canada, but in the U.S. and other international markets." I wrote on December 2017. "I think Canada Goose has the potential to become [the Apple Inc. of the outerwear space](#). It's been shown many times in the past that consumers

(especially of luxury goods) are willing to pay a little extra for the logo of an established brand. It's not just a sign of high quality; it's a status symbol."

Canada Goose is no longer a domestic story. It's a global one with "goose spottings" (spotting Canada Goose jackets with the iconic Arctic Program patch) happening from many parts worldwide. This level of branding power will allow further margin expansion that will bolster the bottom line as the Goose proceeds with its top-line bolstering expansion into China.

As for Roots, the brand was quite strong in Canada, but nowhere else. Also, sweatpants and plaid shirts looked like a pretty tough sell outside the confines of Canada. I wasn't at all optimistic about the company's growth prospects compared to Canada Goose despite many similarities between the two company's growth plans (international expansion and e-commerce).

Foolish takeaway

Canada Goose stock is absurdly expensive at current levels, and the bar is set high after the company's last blowout quarter, so I'd advise investors to keep an eye on the goose in case it flies to a height where you can catch it.

As the growth-to-value rotation continues to pick up, you may have the opportunity to snatch Canada Goose at a discount to its intrinsic value. Just be patient and get ready to pull the trigger once the opportunity arises.

Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:GOOS (Canada Goose)
3. TSX:ROOT (Roots Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/07/20

Date Created

2018/10/12

Author

joefrenette

default watermark

default watermark