



## Canada Goose (TSX: GOOS) Won't Be Hibernating in the Winter As It Solves Delivery Snags

### Description

The Canadian Senate averted what could have been a monumental disaster for Canada Goose Holdings Inc. ([TSX:GOOS](#))([NYSE:GOOS](#)) along with other retailers this holiday season. A back-to-work order took effect on Tuesday after legislation was approved late Monday. However, things are not yet in the clear.

As mandated by the legislation, Canada Post and CUPW would proceed and attempt to reach contract settlements within 90 days. A government-appointed mediator-arbitrator would supervise the negotiations. Failure to reach a solution meant that the arbitrator would have to choose the final proposal recommended by Canada Post or CUPW.

The order put an end to the rotating strikes started by the postal employees last October 22. But Canada Goose is feeling the impact of the strikes. Online sales are under threat as the delivery snags are turning off shoppers. The holiday gifts ordered might not reach recipients in time for Christmas.

Even with the resumption of the mail and parcel services, the backlog has already piled up. There could be further delays in delivery. It is not certain if CUPW would abide by the order. Stiff penalties will be meted out for violation or non-compliance. Meanwhile, Canada Goose remains in a very tight fix.

### Bucking the trend

Many companies in the retail sector are sailing in rough seas. Stocks have been crashing just as the holiday season has officially started. For the majority of the retailers, it's a make-or-break situation. But among the well-known stores, [Canada Goose Holdings is holding up](#) and bucking the trend.

The shares of the winter wear maker soared to \$92.18 this mid-month, which is not entirely surprising. Ever since its IPO in 2017, investors were elated seeing the stock price climb more than 100%. The reported \$230.3 million revenue was equally impressive as it handily beat market estimates.

However, things turned sour this week after the company announced a \$10 million shares secondary offering courtesy of executive officers, directors, and some shareholders. On Tuesday, the stock fell

5.01% to \$83.57, although it was the materials and energy sectors that pulled down the main stock index.

### **No hibernation in the winter**

Going back to the averted crisis, Canada Goose would have to engage the services of private couriers to ensure timely deliveries. FedEx and UPS would be charging higher fees thereby exerting pressure on profit margins. Brick-and-mortar stores would have been the catch basins had the strikes continued.

The company can't pivot now and will have to bite the bullet unless lower pricing and reasonable terms can be negotiated vis-à-vis the volume. Just the thought of online shoppers purchasing non-deliverable items scares big online retailers. That would exact a heavy toll on earnings.

Canada Goose will not be hibernating in the winter. Even prior to this holiday season, the company has performed beyond expectations. The company is stepping up to challenge e-commerce giant Amazon. Investors should also realize the limitless opportunities coming soon. The stock is still [the logical choice](#) in the retailers' lot.

### **CATEGORY**

1. Investing

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### **Date**

2025/09/20

### **Date Created**

2018/12/01

### **Author**

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