



Don't Lose Sleep Over Your Mattress Investment!

Description

Sleep Country Canada ([TSX:ZZZ](#)) is set to provide an update on the most recent quarter when the market closes later today.

The consensus among those experts is positive; the stock is currently trading closer to its 52-week low point, and over the course of the trailing 12-month period Sleep Country has shed a third of its value. As you can probably imagine, there's a disconnect between the positive sentiment on the company when weighed in against its recent history.

Let's take a look at the challenges facing Sleep Country and whether the company does indeed have potential.

Why is Sleep Country's stock price down?

Retailers across the market are coping with what can only be described as the onslaught of mobile commerce. Consumers are increasingly shopping with their phones instead of their feet, and with foot traffic dropping, justifying the cost of massive showrooms that mattress stores require is becoming harder with each passing year.

For the longest time, Sleep Country's approach to that imminent online threat has been nothing short of ignoring it. The idea is that consumers would still venture into a store to buy a large purchase for something that they can touch, such as a mattress, car or their [groceries](#).

Unfortunately for those traditional retailers, mobile commerce is making inroads across all of those segments, including in the mattress space in which Sleep Country still enjoys a commanding market share. Specifically, the emergence of several mattress-in-a-box players to the market that offers an alternative to the mattresses offered by traditional brick-and-mortar stores is continuing to penetrate the once-secure market of Sleep Country.

Are there positive takes on Sleep Country?

Unlike some traditional retailers that integrated technology into the buying process, Sleep Country has opted to acquire its way out of the current predicament. The company acquired Endy last year for \$88 million and has stated the desire to continue to operate both businesses separately. Also worth noting is that Sleep Country already did have a mattress-in-a-box brand of its own called Bloom, but the acquisition of Endy, which is widely regarded as one of the primary players in the emerging mattress-in-a-box segment can only help the company's fortunes over the long run.

Thanks to that acquisition, investors can expect Sleep Country to continue improving its online sales channel and in turn, slow if not reverse the decline that we've witnessed over the past year.

Should you buy?

There's no denying the fact that Sleep Country, and by extension, the retail mattress sector is highly volatile but changing. That said, the recent dip in stock price coupled with the positive developments made toward embracing e-commerce through the Endy acquisition should lead to a period of [long-term growth](#) for the company.

If that isn't a compelling enough opportunity, Sleep Country's dividend, which currently provides a respectable yield of 3.36%, shouldn't be entirely dismissed.

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