These 2 Retail Stocks Are Amazon-Proof

Description

There is no denying that **Amazon** has changed the retail landscape. Brick-and-mortar retailers have struggled to retain relevance as consumers shift to online shopping. It's a trend that isn't likely to reverse course anytime soon.

This does not mean that retail is dead. It simply means that retailers need to adapt to the changing landscape. Those who do will thrive and those that don't will be left behind.

In Canada, there are two retail stocks that have bucked the retail downtrend: **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS) and **Aritzia** (TSX:ATZ).

Recent performance

These two Canadian retailers have benefited from a strong reputation. As clothing companies, reputation and style are of the utmost importance to maintain relevancy.

Canada Goose is largely considered one of the highest quality down winter jacket manufacturers in the world. For its part, Aritzia has maintained its edge thanks in large part to the Duchess of Sussex, Meghan Markle. The Canadian fashion boutique has been a favourite of Markle's for years. Markle is a royal icon, who is known for her fashionable trends. It is an association money can't buy.

Over the past two years, Canada Goose stock has jumped 158%, while Aritzia growth was more modest at 41%. That being said, the tides are turning. Year to date, Aritzia's 9% gain is far outpacing Canada Goose, which as only eked out a 0.79% gain in 2019.

Strong growth prospects

Outside of strong reputation, both companies are expected to post significant growth numbers. Canada Goose is opening hugely successful flagship stores across the globe and still has many untapped online markets.

The company's expansion into China has held it back. There are fears that the brand will be damaged due to the current tensions in Canada-China relations. Thus far, these fears have been overblown. Its first store opening was met with extreme fanfare, and it has partnered with **Alibaba**, China's answer to Amazon.

The expectations are for +20% earnings growth over the next five years. Expect this to be at the low end, as Goose has beat earnings estimates in every quarter since it went public.

Aritzia is leveraging its newfound fame by aggressively expanding south of the border. As of writing, approximately a third of the company's stores are based in the United States. Its strategy of employing style advisors is working, and sales in the U.S. have been accelerating.

Analysts are unanimous in their coverage of the company, as all nine rate the company a "buy." The average one-year price target is $22.38 per share, which implies 25% upside from today's share price. Over the next five years, Aritzia is expected to grow earnings by an average of 18% annually. At a forward P/E of only 16.7, the company is cheap.

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