



## Alert: Canada Goose (GOOS) Unlocked a New Growth Opportunity

### Description

**Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) has had an [incredible run over the past year](#). The stock price has roughly tripled since the crisis erupted. Investors have been remarkably bullish about the stock, as the company outperformed expectations throughout the crisis.

However, now the team has unlocked a new avenue of growth that could push its valuation far higher. Here's a closer look.

### Canada Goose's growth thesis

There are three pillars to Canada Goose's growth story: China, margins, and e-commerce. The company has built a robust brand that's well recognized as a premium offering in the outerwear retail section. That means it can sustain wide, double-digit margins.

Meanwhile, the brand is in its early innings of expanding in China. Chinese consumers already know and love the brand. With substantial buying power, Chinese consumers account for a third of global luxury demand. They're a powerful force for brands like Canada Goose. But Canada Goose has a tiny footprint in the nation and is likely to expand much further over the coming years.

Finally, the company's focus on online shopping helped it offset the lockdowns over the past year. Online deliveries surged during the Christmas shopping period last year, which helped Canada Goose smash earnings in its latest quarter.

All three pillars of the growth story are strong going into 2021, which is why Goose stock is so close to its all-time high now. However, the company seems to have made a strategic move that unlocks more growth potential.

### New growth avenue

This week, Canada Goose announced a new deal with the American National Basketball Association (NBA). The multi-year deal involves a new line of designer clothing timed around the NBA's annual midseason All-Star game. So far, plans include a four-piece, unisex collection that includes a vest and

a trench coat.

Why does this matter? Well, it indicates that the brand is looking beyond its core product offering. Moving beyond heavy coats is a big deal. It enhances Canada Goose's appeal in markets where the winters are not as bitter as Canada's.

Lighter streetwear with the Goose brand could be a great addition to the product mix and bolster sales. Essentially, it expands the company's target market and eases its entry into new markets such as China.

Investors haven't used this signal to adjust the stock's valuation. Canada Goose stock is down 7.3%, along with the rest of the market. This means this is the ideal time for a savvy investor with a long-term outlook to hop in.

## Bottom line

Canada Goose's three pillars of growth remain intact. This is why the stock is soaring. However, the company seems to have added a new pillar of growth: expanding beyond coats. This is a potential game changer that could enhance the stock's valuation in the years ahead.

Keep an eye on this.

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