



This Top Canadian Retail Stock Eyes E-Commerce Growth

Description

Retail stocks are among the most sought-after in this current market environment. There are a number of reasons for this.

From a fundamentals standpoint, retailers stand to benefit greatly from a post-pandemic mass reopening. From a speculative standpoint, meme stock investors are out there en-masse, driving up the value of these retailers given this economic backdrop.

However, not all retailers are the same. Canadian [fashion retailer Aritzia](#) ([TSX:ATZ](#)) has proven to be a much steadier growth gem for investors interested in retail exposure today. Accordingly, this stock is on my radar now for those seeking a retail play.

Let's dive into why Aritzia looks well-positioned as a growth play right now.

U.S. expansion highlights growth potential with Aritzia

The pace of the economic reopening in the U.S. blows away most countries out there, including Canada. Accordingly, retailers like Aritzia that are rapidly expanding in the U.S. ought to be viewed as higher-growth options than Canada-focused retailers. Indeed, Aritzia plans to actually open stores south of the border this year. I view this move as highly bullish for long-term investors looking at retail stocks right now.

One of the reasons Aritzia has been able to show resilient results of late is related to its U.S. store reopening. The company's Q4 revenue came in relatively flat on a year-over-year basis. Store reopening combined with a surge in e-commerce sales drove this better-than-expected performance.

On the e-commerce front, Aritzia posted a massive year-over-year jump of more than 80% this past quarter. The company produced a profit, despite the headwinds caused by the pandemic. And the company pointed to continued supply chain improvements and operational efficiencies as drivers of future margin expansion.

Needless to say, the ability of Aritzia to shift quickly to an omnichannel business model is something I think investors need to take solace in. This is a company with a best-in-class management team and strong strategic focus.

U.S. growth potential remains strong for Aritzia, which is what I'd encourage long-term investors to focus on right now.

Bottom line

Aritzia's long-term growth prospects look appealing today. The fashion retail space is a difficult one to navigate. However, Aritzia's core brands provide investors with a strong moat in a sector that is likely to be ultra-competitive in the years to come.

Analysts remain bullish on this stock for similar reasons. Indeed, Aritzia stock currently trades around 10% below its all-time highs. Accordingly, I think this dip provides investors with a nice entry point today in a high-quality retail stock. That's hard to find today.

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Date

2025/08/19

Date Created

2021/06/01

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