



## Supply Chain Crisis: Canadian Shoppers Could Face the Heat This Holiday Season

### Description

The ongoing supply chain crisis is haunting businesses and investors worldwide. While the pandemic-related woes are nearly behind us, the big logistics and supply chain issues it created don't seem to be ending soon. According to the latest *RSM Canada* [report](#), "businesses are moving to source alternative suppliers amid growing demand ahead of the holiday season" due to these continued disruptions. Before we take a closer look at how these supply chain challenges are likely to affect Canadian shoppers this holiday season, let's quickly look at how they're taking a toll on businesses.

### Supply chain disruptions are hurting businesses

It's been nearly a year since several big companies started highlighting supply chain disruptions during their earnings events. These disruptions are directly or indirectly hurting many businesses across the country. To name a few, such companies include big firms like **Dollarama** ([TSX:DOL](#)), **Alimentation Couche-Tard** ([TSX:ATD.B](#))([TSX:ATD.A](#)), and **Magna International** ([TSX:MG](#))([NYSE:MGA](#)).

During Dollarama's Q2 earnings conference call, CEO Neil Rossy [said](#) that "looking at the global supply chain environment, container shipping has experienced significant disruption." While the company hasn't seen much financial strain due to these disruptions yet, a prolonged supply chain crisis could hurt its business. That's why Dollarama's teams have been working tirelessly to minimize the impact of supply chain disruptions on its ongoing fiscal year.

Couche-Tard, in its recent earnings call in September, highlighted how the spread of new COVID variants is continuing to cause supply chain issues for the whole retail industry. The company's management believes that this crisis is also putting more pressure on the labour situation.

Supply chain issues are not only affecting retailers but also big automakers and auto parts companies. For example, on Wednesday, the Canadian auto parts maker and mobility firm Magna International cut its 2021 outlook due to supply chain-related issues. In its press release, the company [blamed](#) lower vehicle production due to "the impacts of ongoing semiconductor chip shortages and the COVID-19

pandemic on the global automotive supply chain” for its lower 2021 guidance.

## Companies may pass on the costs to consumers

Many Canadian businesses are clearly continuing to struggle with the supply chain crisis. But most such companies are willing to spend more to improve their logistics to prepare for the upcoming holiday season demand.

In such a scenario, companies aren't left with many options except passing on these higher supply chain and logistics-related costs to consumers. That's why Canadian shoppers should be ready to spend some extra dollars while shopping this holiday season.

However, the ongoing supply chain disruptions are giving long-term investors an opportunity to buy their favourite stocks cheap. This is because the affected companies' stocks are continuing to underperform the broader market this year. For example, the shares of Dollarama, Couche-Tard, and Magna are currently trading with 9.6%, 10.1%, and 14% year-to-date gains, respectively. By comparison, the **TSX Composite Index** is continuing to gain new heights this year and has risen by more than 21% this year so far.

That's why long-term investors may consider buying these [great Canadian stocks](#) at a bargain now — before they start rallying again as soon as the temporary supply chain issues subside.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:MG (Magna International Inc.)

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