



Canada Goose Is Expanding: Is the Stock a Smart Buy Today?

Description

It's been a treacherous past few years for shares of luxury parka maker **Canada Goose Holdings** ([TSX:GOOS](#)). With the macro headwinds weighing on all of our wallets, there may not be enough room in the personal budget for a \$1,100 (or so) parka.

Indeed, Canada Goose is stylish. It's a fast-growing brand that's really taken off at the international level. Still, the business of selling expensive goods makes for huge booms and busts, depending on the state of the broader economy. With a [recession](#) on most of our radars, it's been tough flying for the goose.

Regardless, Chief Executive Officer Dani Reiss is all about the long term. He's looking to build brand affinity further. Doing so will help the brand really shine at the international level. Once we're out of this period of stagnant growth, I view stocks like Canada Goose as frontrunners in a market rebound. For now, Canada Goose is doing its best to navigate the rough winds.

Canada Goose flying low again

After its latest round of quarterly earnings, Canada Goose has been shot down right back to the \$25 per-share range, where the name spent most of last year's second half. Though Canada Goose stock's breakout has failed, I still think long-term thinkers have plenty of reasons to be a buyer of the latest dip, even if the worst of recession headwinds have yet to strike.

It's [hard](#) to time your entry into battered discretionary stocks. They tend to implode and take off very quickly. If you're a believer in the brand and growth story, and you're willing to deal with the huge bumps in the road (1.57 beta, meaning GOOS stock is a choppier ride than the rest of the market), I view GOOS as a compelling name, as the Canadian growth story looks to evolve amid hard times en route to "tripling" sales over a five-year timespan.

How will Canada Goose triple revenues over five years, with a recession on the horizon? Expanding into new product categories is one way that the company can take its growth to the next level, as it looks to capitalize on brand affinity.

Canada Goose eyes eyewear, accessories, and other product categories

Canada Goose has stayed within its circle of competence (outerwear) but seems willing to explore new arenas for growth amid its share slump. In prior pieces, I've suggested that Canada Goose go beyond expensive outerwear. Recently, the firm noted its plan to get into eyewear, accessories, and luggage sales.

Such a move is incredibly smart, in my opinion. However, a further push into new products may be needed to reduce seasonal lumpiness in shares of the luxury outerwear maker.

Now, it's not like Goose is making a huge splash with swimsuits to bolster sales into the summer season. Such a move would be bizarre and could have an effect on brand affinity. Luggage, eyewear, and other offerings seem like natural areas to move into. With such a strong brand, I think loyal consumers will be very interested in adding to their collection of Canada Goose-branded merchandise.

As always, I expect new products to be of the utmost quality. Further, such items could command a pretty penny, as they look to add a sustained boost to the top and bottom line.

Bottom line

As Canada Goose expands its merchandise lineup while the worst of recession headwinds move on, I think the stock makes for a terrific buy at these depths. Add the Chinese reopening into the equation, and I think the future looks bright for Canada Goose.

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