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CFO JOURNAL

Canada Goose, Known for Heavyweight Parkas, Leans Into T-Shirts and Shorts

With a broader assortment of clothing and other items, executives hope to lure in new shoppers and keep existing ones

By [Jennifer Williams](#) [Follow](#)

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Canada Goose's U.S. sales grew around 2% for the three months through June compared with the prior-year period. They were up more than 12% in mainland China, Hong Kong, Macau and Taiwan.

PHOTO: CARLOS OSORIO/REUTERS

Canada Goose has for decades been known for its extreme cold weather gear. Now, the Canadian clothing company is focusing on wares for warmer temperatures to expand its market appeal and shopping season.

The change is big for the luxury brand. Less than 15 years ago, heavy down-filled wares made up 95% of the business. That is now down to roughly half. The rest comes from sales of items such as apparel, fleece, T-shirts, polos and shoes, a share that could go higher still as Canada Goose ramps up its focus on more seasonal items.

The company in June launched 27 new styles suited for warmer seasons, including its first rain boot. And in May welcomed its first-ever creative director, Colombian-born French designer Haider Ackermann, who is expected to focus on gear for various climates.



Canada Goose in June launched 27 new styles suited for warmer seasons, including its first rain boot. PHOTO: JENNIFER WILLIAMS/THE WALL STREET JOURNAL

The broader assortment offers a number of possibilities, said Canada Goose Chief Financial Officer Neil Bowden. It brings lower price tags—a plain white T-shirt retails for \$175 compared with the \$1,000-plus parka. Customers are also likely to buy apparel and other wares more often than heavyweight coats. And to shop for them year-round, he added.

“There’s a really powerful earnings model in growing those other categories,” Bowden said, explaining that expanding the product list has the potential to boost the number of both repeat and new customers. “Maybe the newness speaks to them. Or, in some cases, items might be more accessible if it’s a polo or lightweight jacket that maybe gets them into the brand at a different level and they can work their way up to parka.”

Luxury brands such as LVMH Moët Hennessy Louis Vuitton and Gucci owner Kering have felt the impact in recent quarters as shoppers in two important markets, the U.S. and China, have reined in their spending. Toronto-based Canada Goose hasn’t been immune to those challenges, but new and existing shoppers are showing strength in certain areas, Bowden said. The company’s U.S. sales grew around 2% for the three months through June compared with the prior-year period. They were up more than 12% in mainland China, Hong Kong, Macau and Taiwan.

Canada Goose is working to keep shoppers’ interest. This includes selling directly to consumers rather than through wholesalers, a move other brands are making to cut out uncertainties and gain better insights into what shoppers



Canada Goose has been slowly branching out beyond its heavyweight down items for years.

PHOTO: MARK BLINCH/REUTERS

products in 2011. Knitwear, footwear and fleeces came in the following years. Shoppers like the options, with sales of nonheavyweight down items such as polo shirts, turtlenecks and cotton sweaters up 20% in the quarter ended June 30 compared with a year earlier.

Sales of nonheavyweight down items accounted for 46% of revenue in the company's fiscal year ended March 31, up from 43% the year earlier, growth that Bowden said is poised to continue. "I think the market size of those product categories is clearly much larger than the heavyweight down product," he said.

There are risks in branching out. Especially for a company largely known for a particular line of products, said Oliver Chen, a senior equity research analyst covering retail and luxury goods at TD Cowen. Canada Goose's parkas are proven sellers that don't tend to require markdowns, while newer categories are untested and likely have to be updated more regularly to keep pace with trends, he said. On the other hand, enticing shoppers to spend tends to involve new products, according to Chen.

"It can be a double-edged sword," he said of expanding beyond a brand's staples. "But the growth of any top luxury brand ideally has diversification."

Even as Canada Goose adds to its product assortment, it is taking a measured approach, CFO Bowden said. With footwear, for instance, the first rollout included two styles for men and the same number for women, with a handful of colors for each.

want. The company's direct-to-consumer revenue for the quarter ended June 30 grew 13% from a year earlier. Wholesale revenue, meanwhile, dropped 41%.

Canada Goose is also aiming to lure in shoppers with its growing list of products. The company has been slowly branching out beyond the heavyweight down items for years, introducing lightweight down

“We expect they will buy products available all year round,” Bowden said of Canada Goose’s customers. “But we are also disciplined about entering these categories.”

Write to Jennifer Williams at jennifer.williams@wsj.com