

Canada Goose Spreads Its Wings: Global Expansion Amid Turbulent Skies

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This teaching case considers the recent growth and future expansion prospects for Canadian winter wear company Canada Goose. During the two decades since Dani Reiss took over as chief executive, Canada Goose has grown into a leading global luxury brand. In 2021, the company generated \$700 million in revenue, notwithstanding a global pandemic that waylaid many of its competitors. Reiss anticipates strong demand for Canada Goose apparel as consumer confidence returns to pre-pandemic levels. But challenges remain, ranging from accusations of false advertising and discriminatory return policies in China to criticism from animal rights activists in the U.S. and Europe for using animal fur and feathers in its jackets. There is also the prospect of future travel restrictions and store closures in major markets as governments grapple with new variants of the pandemic. The case concludes with Reiss considering how to position Canada Goose for continued success in an increasingly crowded global winter wear market and how to allocate the company's resources for the next phase of international expansion.

Keywords: globalization, marketing, foreign expansion, corporate strategy, brand management

INTRODUCTION

Dani Reiss could not help but feel a deep sense of satisfaction as he strolled back to his Toronto office on a crisp March morning in 2022, following a visit to the local Tim Horton's for a jolt of caffeine. After all, Canada Goose, the company which he had led for the past two decades, had grown from a small family business into a leading global luxury fashion and lifestyle brand, with scores of dedicated fans the world over who eagerly paid upwards of \$2,000 to own one of its down-filled parkas. Thanks to savvy marketing and celebrity appeal, the company had experienced meteoric growth in recent years and had even managed to ride out the pandemic with its finances largely intact. Now with the pandemic receding, and consumers returning to stores, the future looked exceptionally bright. But all was not perfect in Reiss's world. While Canada Goose had made significant inroads in China and was enjoying robust sales growth there, the brand continued to face challenges in Asia's largest market – from accusations of false advertising to claims of discriminatory return policies. The result: irate customers, boycotts, and fines. The company also continued to receive criticism from animal rights activists in the U.S. and Europe notwithstanding its recent pledge to

go fur-free. Moreover, there was the prospect of future travel restrictions and store closures in major markets as governments grappled with new variants of the COVID-19 pandemic. As Reiss gulped down the last drop of his steamy beverage, he pondered how to position Canada Goose for continued success in the increasingly crowded global winter apparel market and how to allocate the company's resources best for the next phase of international expansion.

CANADA GOOSE

Canada Goose was the brainchild of Sam Tick, a Polish-Jewish immigrant and Holocaust survivor, who arrived in Canada after World War II. Tick, who got his start cutting fabric in a Toronto textile factory, believed that there was an untapped market in Canada for rugged, cold-weather outerwear (Debter, 2019). By 1957, he had saved enough money to start his own company, Metro Sportswear, and began producing woolen vests, raincoats, and snowmobile suits. The company remained a fledgling entity until the early 1970s when David Reiss, the founder's son-in-law, signed on. By that time, down jackets were a popular novelty in North America and Reiss transformed the jacket production process by introducing new equipment that packed more feathers into each coat. The company soon began supplying custom-made down jackets to the Ontario Police Department and Canadian park rangers and fulfilling private label orders for Eddie Bauer and L.L. Bean. Shortly thereafter, Reiss was named company president. Among his first moves was to establish a new label for the company's jackets: 'Snow Goose' (Reiss, 2019).

During the 1980s, Metro Sportswear established a loyal following amongst outdoor enthusiasts across the Great White North. It developed the classic 'Big Red' expedition parka for scientists studying at Antarctica's McMurdo Station – a jacket which soon became standard issue. Metro Sportswear also designed a custom parka for Laurie Skreslet, the first Canadian to summit Mt. Everest. The company continued growing steadily, and then, in 1997, acquired one of its most valuable assets: Dani Reiss.

Dani Reiss (son of David and grandson of the founder) was fresh out of college when he began working for Metro Sportswear as a salesperson. Although a student of English literature and philosophy in college, Reiss had an intuitive feel for marketing. His hunch was that consumers, who were paying premium prices for ordinary products with brand names such as 'Dr. Martens' and 'Juicy Couture,' would be willing to do the same for the company's high-quality parkas. He pitched the idea of marketing to a higher stratum to his father and ultimately won him over. Dani Reiss was named company president and CEO in 2001, at age 27, and quickly went about transforming the business. His initial decisions focused on enhancing marketing efforts. Reiss shed the moniker 'Snow Goose', which was already trademarked in Europe, in favor of Canada Goose. Revenues climbed steadily during his tenure, which, by 2008, exceeded \$17 million (Debter, 2019).

Under Dani Reiss's direction, Canada Goose began sponsoring arctic adventures such as the Iditarod Trail Sled Dog Race and the Top Gear Polar Special expedition. These sponsorships helped cement Canada Goose as the jacket-maker of choice for dogsledders, mountain climbers, and other adventurers. The company received a boost when dog musher Lance Mackey won the Yukon Quest dog sled race four times during the 2000's while sporting a Canada Goose parka. Reiss also sought to associate the marque with the silver screen by sponsoring the Sundance and Toronto International film festivals, and outfitting production crews which were filming in sub-zero locations. Canada Goose soon became the "(un)official jacket of film crews everywhere it's cold. Off the set, Canada Goose parkas became *de rigueur* for film stars like Emma Stone, Daniel Craig, and Bradley Cooper. Celebrities such as Rihanna, Drake, and Kate Upton also warmed to the marque, the latter sporting the company's white Chilliwack bomber jacket and a bikini on the cover of the 2013 *Sports Illustrated* swimsuit edition. By the end of that year, Canada Goose had hit the big time, with sales exceeding \$100 million (Debter, 2019).

By the mid-2010s, a product originally designed for policemen, park rangers, and corrections officers had become both a functional garment and a fashion statement. The marque appeared alongside Gucci, Prada, and other high-end fashion brands in more than 2,000 retail stores and in 50 countries worldwide. On the streets, Canada Goose jackets were so coveted that they became the target of robberies, much like Air Jordan shoes, Louis Vuitton bags, and other luxury items (Nittle, 2019).

A catalyst for Canada Goose's transformation from local to global brand was its acquisition by Boston-based private equity firm Bain Capital, which purchased a 70% stake in the company in 2013 for an estimated \$250 million. The deal, which closed in December of that year, provided Reiss, who retained a 24% stake in the company, with both significant new resources for growth and a partner with global experience (Stankiewicz, 2020). Flush with cash, the company opened its first brick-and-mortar stores in Toronto and New York City in 2016, kickstarting its international retail expansion. Canada Goose reached another milestone in 2017 with a successful \$340 million IPO. By the end of 2021, the company founded by Polish immigrant Sam Tick in a small Toronto warehouse was now a major player in the global outerwear industry and valued at an astonishing \$4 billion (*Canada Goose (GOOS)*, 2022).

THE GLOBAL OUTERWEAR INDUSTRY

In 2020, the outerwear industry -- which consisted of jackets, hats, scarves, shawls, sweaters, gloves, and other accessories -- was worth an estimated \$94.5 billion worldwide (Dixit, 2020). The industry traced its roots to the 1930s and the creation of the first puffer jacket. That jacket was invented by outdoor enthusiast Eddie Bauer, following a 1936 winter fishing trip on the Olympic Peninsula in Washington State which left him with a near-fatal bout of hypothermia (Marshall, 2016). Upon recovery, Bauer set out to design a lightweight jacket made from goose down which would provide better protection from the elements than conventional woolen overcoats. Bauer's major innovation was to quilt the fabric in such a way that the down filling did not fall to the bottom of the jacket. 'The Skyliner,' which was patented in 1940, quickly became a hit with the American public.

About a decade later, two French mountaineers founded Moncler, which offered its own take on the puffer jacket, alongside anoraks and camping equipment. The growing popularity of alpine skiing in North America and Europe during the 1970s and 1980s boosted demand for winter clothing further. Puffer jackets began to develop crossover appeal during the 1990s and early 2000s among urban youth who embraced them, along with hoodies, basketball sneakers, and baseball caps, as signature wardrobe items (Spagnolo, 2019). The global demand for outdoor apparel reached an all-time high in early 2022 with the Beijing Winter Olympics, which led to frenzied buying in China of down jackets, ski clothing, and winter sporting equipment (Yu & Goh, 2022).

THE CANADA GOOSE PORTFOLIO

For the average consumer, Canada Goose was synonymous with a single item: the down jacket. But the company offered dozens of different jacket styles, including parkas, puffers, and bombers, which varied in price from \$500 to \$1,950. These jackets also varied in the level of warmth they offered the customer. The lightest jackets (classified as 'Lightweight' in the company's five-category Thermal Experience Index) were suitable for temperatures ranging from 5C (41F) to -5C (23F). The heaviest jackets (designated as 'Extreme') were designed to keep wearers toasty at temperatures of -30C (-22 F) and below.

Although the down jacket was undoubtedly Canada Goose's cash cow, accounting for well over half of its sales, it was largely a seasonal item and Reiss understood the need to generate year-round revenue. Consequently, beginning in 2017, Canada Goose began adding new items to its product portfolio including raincoats, windbreakers, sweaters, hoodies, zip-ups, fleece, and headwear.

The following year, the company moved into footwear with the purchase of Baffin, a Canadian bootmaker (Bhasin & Rastello., 2018). By 2021, the diversification efforts had begun to bear fruit. Non-parka revenue grew by more than 70% in FY 2022, with the greatest growth in apparel such as hoodies and lightweight down vests, the latter accounting for 20% of company revenue (Danziger, 2022). Canada Goose was on its way to becoming an all-season lifestyle brand.

MADE IN CANADA

Canada Goose took enormous pride in the fact that the manufacturing of its jackets was done exclusively in Canada. The company had eight manufacturing facilities scattered across three provinces – Quebec, Ontario, and Manitoba. These factories employed over 4,500 production workers, accounting for 20% of Canada’s total garment work force. The company also operated sewing schools in three cities to guarantee a steady supply of skilled seamstresses. In addition to being a source of pride, the company’s Made in Canada label was viewed by leaders as a source of competitive advantage given the mystique which Canada’s northern wilderness held for many Europeans (Lorinc, 2012). And it was an advantage which was becoming increasingly rare, as Canadian competitors like Roots and Arc’teryx began moving production to Asia in search of cheap labor (Shea, 2017). In fact, Reiss hinted that his decision to sell a majority stake in the company to Bain Capital was predicated on the understanding that the latter, with its reputation for outsourcing, would not move jacket production overseas: “Made in Canada is extremely important, and extremely important to Canada Goose, and we’ve chosen partners to whom it is also extremely important,” Reiss told Canada’s *Financial Post*. “And I have no expectation that that’s going to change. If I thought that it was going to change, I would not have done this deal” (Ligaya, 2013).

Canada Goose’s Canadian production strategy paid further dividends in 2020 and 2021 when the company avoided the supply chain disruptions that left many of its import-reliant competitors with empty racks (Clark, 2021). Meanwhile, exports of Canada Goose inventory to points south (i.e., the U.S.), west (i.e., Europe), and east (i.e., Asia) were largely unaffected by the global shipping snarls.

SALES STRATEGY

Among Dani Reiss’ biggest decisions upon becoming CEO of Canada Goose in 2001 was whether to prioritize the company’s private label or wholesale business. The former accounted for most of Canada Goose’s revenue and represented relatively easy money, but it was a low margin business with little upside. Growing the company’s wholesale business was more difficult because it required building a marque, developing accounts with boutiques and department stores, and working with distributors. But, it was potentially far more lucrative. Reiss opted to go the wholesale route. By the time Canada Goose went public in 2017, nearly 90% of its revenue came from sales to multi-brand retailers like Bloomingdale’s, Neiman Marcus, and Saks Fifth Avenue (Stock, 2021). The appeal of the company’s wholesale strategy began to wane, however, as its direct-to-consumer (DTC) retail and online businesses began to take flight that same year.

Retail Stores

Canada Goose opened its first retail shop in Toronto’s Yorkdale Shopping Center in 2016. The 4,500 square foot flagship store, which featured a collection of 100 different winter coats along with woodcarvings, sculptures, and other Canadian artifacts, was the culmination of a dream for Dani Reiss. Within months, Canada Goose would open similar flagship stores in New York and Chicago. By early 2022, Canada Goose operated 45 standalone retail stores around the world, including seasonal pop-up shops in Amsterdam and Manchester (See Figure 1). These stores were located at some of the most exclusive shopping addresses in the world, including Milan’s Villa della Spiga, London’s Regent Street, and Chicago’s Magnificent Mile.

Canada Goose took great care in choosing where to locate its retail stores, moving slowly and methodically through the planning phase, to minimize the chance of errors. As Reiss commented: “Over the years we have seen brands that started opening hundreds of stores, but then they have closed them all. We prefer to take the right steps, take our time, choose the right locations very carefully, so that we can open great stores, offer great experience to our fans and do special projects in special places” (Pavarini, 2019).

The stores themselves were exceptionally well-designed, with tasteful interiors and Canadian iconography. After entering, customers could try a variety of Canada Goose’s jackets and, in certain stores,

test their performance in ‘cold rooms’, where temperatures dropped to -25C (-13 F). One reporter described her cold room experience as follows: “I’ve decided to try on the Snow Mantra, a \$1,550 jacket Canada Goose developed for people who work in the coldest places in the world... The store assistant helps me into the parka, then the two of us enter the Cold Room. I’ve never experienced temperatures this low before, so it’s interesting to feel how my body responds. While my face feels like it’s about to fall off in the freezing air and my eyes are smarting, my parka-covered torso feels quite toasty” (Segran, 2018).

As with Apple’s retail stores, Canada Goose’s stores were designed to do more than ring up sales. They provided a venue for connecting with customers, educating them about the brand, entertaining them through immersive experiences, and showcasing products which might ultimately be purchased online or in department stores.

E-Commerce

Canada Goose launched its online platform in 2014, and within months, the site was attracting heavy traffic. Three years later, Canada Goose’s e-commerce sales accounted for over one-fifth of its revenue – double that of Burberry, which boasted the second highest digital penetration among luxury brands (Owram, 2017). One of the attractions of the online channel was its affordability; whereas opening new stores required massive capital investment, launching an e-commerce platform could be done on the cheap. Moreover, since there was no intermediary to take a cut of the action, digital commerce offered higher profit margins than the company’s traditional wholesale business. Indeed, during FY 2022 the company’s DTC sales, which included online and retail transactions, generated 76% gross margins– more than double that of its wholesale business (Danziger, 2022). Another benefit of the digital channel is that it allowed Canada Goose to streamline inventory and avoid deadstock. As one observer noted: “The last thing Canada Goose wants is a mountain of deeply discounted parkas piling up in outlet stores every spring (or every time a retailer gets short on cash)”. (Stock, 2021).

By the time the pandemic rolled around in 2020, the company’s DTC business accounted for roughly 40% of revenue and would soon eclipse its traditional wholesale business. Yet Reiss was quick to point out that wholesale remained an important pillar of the company’s overall business strategy: “There is a role for wholesale to play, in that [it] exists in a physical space in places where we will never open stores. So, it allows us to be introduced to new consumers around the world in a different kind of way” (Buckland, n.d.). With these channels sorted, the question was now how to face the other brands within the segment.

COMPETITION

Competition within the global outerwear industry was increasingly fierce and included players from North America, Europe, and Asia. These players could be grouped into three major market segments: mass-market marques, mid-market marques, and luxury marques.

Mass-Market & Mid-Market Marques

The growing popularity of puffer jackets in North America and Europe during the 2000s and 2010s prompted fast-fashion retailers such as Uniqlo, Zara, and Hennes & Mauritz (H&M) to add outdoor apparel to their collections. These companies had limited offerings in terms of styles and their jackets typically retailed for under \$150. A little higher up the food chain were sports-oriented parka-makers such as Columbia, The North Face, and Patagonia, which offered a wider variety of styles at higher price points (jackets in this segment typically retailed for between \$150 and \$600). Columbia, with over 140 retail stores and \$2.56 billion in revenue, was arguably the top player in the mid-market segment (*Columbia Sportswear Company*, 2021). The North Face, which sold gear for mountain climbing, backpacking, running, and skiing as well as outdoor apparel, was another leading mid-market player. It had more than 200 stores around the world and generated \$2.46 billion in revenue in 2021 (Garner, 2022). The privately owned Patagonia, a certified B Corp known for its progressive social and environmental stances, had roughly 50 stores globally and \$1 billion in revenue in 2020 (Demkes, 2020).

A new entrant into the mid-market space was Chinese outerwear company Bosideng. Founded in the mid-1970s in eastern Jiangsu Province with a mere eight sewing machines, Bosideng had grown to become the top seller of down jackets worldwide in 2021 (Fairchild Studio, n.d.). The company, which operated over 1,000 retail stores in China, had recently launched a new branding campaign that included fashion shows in New York, London, and Milan, and collaborations with famous designers such as former Hermes art director Jean Paul Gaultier. In 2018, Bosideng reopened its London store (which had been closed the previous year) and continued its push into Italy, where it operated 350 high-end retail stores (Ma, 2022). In addition, Bosideng had struck a partnership with German fashion brand Bogner in 2021 and planned to open more than 80 retail stores in China by 2025 to showcase Bogner's high-end down jackets (Yu & Goh., 2022).

Luxury Marques

The luxury outerwear segment was dominated by European and North American brands. Leading the pack was Moncler -- a Franco-Italian company based in Milan. Like Canada Goose, Moncler designed stylish, high-quality jackets which appealed to both outdoor enthusiasts and urban fashionistas. The brand first gained international prominence in the 1960s when it outfitted legendary skier Jean-Claude Killy and the entire French team at the 1968 Olympics. But the company struggled during the 1990s and early 2000s as consumers gravitated toward trendier streetwear brands. Moncler had enjoyed a renaissance under the leadership of CEO and Chairman Remo Ruffini who bought the nearly insolvent company in 2003 and transformed it into a modern fashion brand (Levine, 2018). Ruffini accomplished this feat by terminating outdated licensing deals with foreign partners, removing the product from sporting goods stores and other low end retail establishments, and forging collaborations with up-and-coming fashion designers (Lieber, 2016). Moncler had an extensive retail presence with over 300 stores worldwide and generated over \$2 billion in revenue in 2021 (Singh, 2022). Other European players in the luxury fashion segment included Gucci, Burberry, and Balenciaga. All three companies offered a range of puffer jackets, most starting at \$2,000 per jacket.

Additional competitors in the luxury outerwear space included the Canadian companies Kanuk, Moose Knuckles, and Mackage. Kanuk, which had been around for nearly as long as Canada Goose, was one of Canada's most popular winter brands. Known for quality and durability, the company had recently made inroads among youthful consumers with its fashion-forward designs, many of which incorporated recycled fabrics (Wessel, 2021). Kanuk opened its first U.S. standalone boutique in New York City in November 2021 and had plans to open other international locations in 2022 (Droganes, 2021).

Moose Knuckles was a newer entrant into the luxury outerwear space. Established in 2009, the Montreal-based company was known for edgy and audacious fashions which appealed to Millennials and Gen-Z consumers. Thanks in part to its flashy media campaigns featuring celebrities such as Pete Davidson, Emily Ratajkowski, and Adwoa Aboia, Moose Knuckles enjoyed annual sales growth of 50% from 2015 to the first quarter of 2021 (Bundale, 2021). The company opened its first brick-and-mortar retail store in Toronto in 2017 and by mid-2021 had 11 stores worldwide, including three in China. Those Chinese stores reported 1,200% sales growth during the 2020 pandemic (Bundale, 2021). Whereas its luxury rivals tended to opt for fancy expansive flagship stores, Moose Knuckles favored smaller pop-up shops which enabled it to test the waters in various markets before making a major financial commitment. In 2020, Moose Knuckles opened pop-up stores in Beijing, Shanghai, Philadelphia, New York, Milan, Dusseldorf, Amsterdam, Liverpool, and Stockholm (Conti, 2020).

Rounding out the top Canadian luxury outdoor apparel producers was Mackage, a Montreal-based brand known for both its fashionable designs and its sustainability mission. Established in 1999, the company initially made its name designing chic leather coats. But Mackage's founders saw an opportunity in down and soon began producing premium puffer jackets that retailed for between \$950 and \$3,000. While Mackage had fewer A-list celebrities in its stable than some of its competitors, it counted Meghan Markle, the Duchess of Sussex, as a fan and customer. In March 2018, the royal influencer donned the brand's longline navy "Elodie" coat for a public appearance with Prince Harry that led to 5.6 billion impressions online (Brown, 2020). Mackage had wholesale partnerships with upscale retailers in 40

countries as well as 15 freestanding retail stores in North America, two in Europe, and several more planned for Asia (Lockwood, 2021).

MAJOR MARKETS

North America (USA/Canada)

North America was Canada Goose's home market and accounted for nearly half of its revenue (Danziger, 2022). While the COVID-19 pandemic and the ensuing lockdowns had severely curtailed business in North America during 2020, sales had bounced back strongly in 2021, with Canada Goose reporting 34% revenue growth in the U.S. market in FY22 (See Figure 5). Furthermore, the company believed that its home market offered tremendous room for growth. As of year-end 2021, Canada Goose had 15 stores throughout North America in cities such as Toronto, New York, Chicago, and Los Angeles (See Figure 2).

Although the North American market appeared to offer significant growth potential, there were also challenges. Among them was the growing competition in the luxury outerwear segment from both established players and up-and-comers all seeking a slice of the multi-billion dollar market.

Another challenge involved appealing to youthful, values-driven consumers who were increasingly gravitating toward brands with social and environmental missions. The company had taken steps in this direction by rolling out a sustainable impact strategy in 2020 and launching an online "purpose platform" (HUMANATURE) to showcase its sustainability initiatives. It also introduced a new line of products made from recycled materials, organic fibers, and undyed fabrics (Palmieri, 2020). Additionally, Canada Goose was targeting younger audiences by increasing its presence on popular social media channels such as Instagram, Snapchat, and TikTok. Its efforts appeared to be paying off; by early 2022 Gen-Z customers accounted for the largest share of Canada Goose's online traffic and one-quarter of its digital sales (Parisi, 2022).

Yet another challenge involved managing relations with animal rights groups which objected to the company's use of coyote fur as trim on the hoods of its jackets, as well as the use of goose down feathers as jacket filling. People for the Ethical Treatment of Animals (PETA), for example, had staged numerous protests at Canada Goose stores over the years -- from Chicago to London -- with protestors donning coyote masks and smearing themselves with blood red body paint. A bevy of famous celebrities including Sarah Jeffery and Pamela Anderson had lent their support to these campaigns (Sachkova, 2021). Canada Goose had blunted some of this criticism in 2021 with its surprise announcement that it would stop using all animal fur, including reclaimed fur, by 2022. It also signed on to the Responsible Down Standard (RDS), a certification scheme run by a non-profit to ensure that down feathers going into jackets had not been plucked from live birds (Business Wire, 2021). Still the prospect of future mobilization against the company by PETA and other animal rights groups remained.

Asia-Pacific

The Asia-Pacific (APAC) region, which included China, Hong Kong, Japan, South Korea, Australia, and New Zealand, was one of Canada Goose's fastest growing markets and home to nearly half of its retail stores (See Figure 1). During FY22, the APAC region posted a robust growth rate of 25%, notwithstanding the lingering effects of the COVID-19 pandemic and the attendant store closures in China. In FY22, the APAC region accounted for 30% (\$328.6 million) of Canada Goose's revenue (See Figure 5).

Within APAC, China was hands down Canada Goose's most important market. The company opened its first mainland China retail store in Beijing in 2018 and quickly expanded across the country. By the end of 2021, Canada Goose operated 19 stores in Greater China (See Figure 4). The company also did a brisk business on Tmall -- the online Chinese language website operated by the Alibaba Group. With China's \$18 billion down apparel market trending towards higher-end fashions, Canada Goose appeared well positioned for future growth (Nan, 2021). Indeed, a 2021 *Vogue Business* survey found that Canada Goose was the top luxury outerwear brand among Chinese consumers, ahead of Bosideng and Moncler (Jiang, 2021).

The China market, however, was not without its challenges. One of the biggest involved the problem of counterfeiting. According to a 2018 *Bloomberg* report, fake Canada Goose jackets could be found on Alibaba's Taobao online marketplace for about 400 yuan (\$58). Counterfeiting represented a dual threat to Canada Goose. In addition to lost sales there was the prospect of reputational damage since the bootleg jackets bearing the company's emblem were typically of inferior quality. Canada Goose took aim at counterfeiters by filing trademark infringement lawsuits in U.S. courts and incorporating new anti-counterfeit elements such as hologram labels into its jackets (Channick, 2018). Still, the company realized that the battle against knockoffs in China was likely to be a long and difficult struggle.

Perhaps an even greater challenge involved navigating China's volatile political environment. The opening of Canada Goose's first store in Beijing in 2018 coincided with a diplomatic dispute between Beijing and Ottawa. The row was sparked when Canadian authorities, at the request of the U.S. Department of State, arrested the CFO of Chinese technology company Huawei for extradition to the U.S. The CFO was accused of bank fraud involving alleged company dealings with Iran, in violation of U.S. sanctions. Within days, boycotts of the Canada Goose brand were organized on the Chinese social media platform Weibo and in the Chinese state-run media (Yu & Wei, 2018). In the immediate aftermath, Canada Goose shares slumped by 20% (Sito *et al.*, 2021).

Other challenges followed. In September 2021, it was reported that Chinese regulators had levied a 450,000 Yuan (about \$70,000) fine against the company for engaging in deceptive advertising (Bloomberg News, 2021). The regulators claimed that Canada Goose was using mostly duck feathers to fill its jackets, rather than the goose down it advertised. Just as that controversy appeared to be dying down, a new one erupted that centered on the company's return policy. A customer claimed that a Canada Goose shop in Shanghai refused to issue her a refund for a jacket with a defective embroidered logo. The disgruntled consumer wrote a scathing online post about the situation which quickly went viral leading to boycott threats. Shortly thereafter, the China Consumer Association (CCA) jumped into the fray, accusing the company of "bullying" customers (General, 2021). The campaign against Canada Goose appeared to be part of a wider nationalist backlash against Western brands that coincided with a growing preference among Gen-Z consumers for domestic labels (Bloomberg News, 2022). In an effort to help navigate the vicissitudes of the China market, Canada Goose appointed Belinda Wong -- chairman of Starbucks China -- to its board in early 2022 (Danziger, 2022).

Japan and South Korea were also important markets for Canada Goose. The former represented one of the largest and most sophisticated luxury goods markets in the world. Canada Goose positioned itself for growth in Japan by signing a joint venture in early 2022 with Sazaby League, a major Japanese fashion retailer and its longtime distributor. The deal called for the two to grow the brand through retail, wholesale, and online channels. Canada Goose expected the partnership to generate roughly \$50 million in sales by 2023. In South Korea, meanwhile, Canada Goose pinned its hopes on a new distribution agreement with Lotte Group, one of the country's most important retail conglomerates (Danziger, 2022).

Europe

Although Canada Goose derived less revenue from Europe than North America or Asia-Pacific, it was still an important market for the company. Indeed, during FY 2022, Canada Goose generated 22% of its revenue from EMEA (Europe, the Middle East, Africa, and Latin America) – roughly the same amount as Canada (See Figure 5). The company's presence in Europe dated back to 2010 when it established a regional headquarters in Stockholm. Four years later it opened a European sales and marketing office in London to oversee its wholesale business, which included sales through high-end retailers such as Harrods and Harvey Nichols. In 2016, Canada Goose opened its first European store on London's Regent Street – a two-story, 5,000 square foot shopping space, replete with Canadian design elements and marble quarried from Canada's British Columbia province. It followed that opening with retail launches in Milan (2019), Paris (2019), and Berlin (2020). By the beginning of 2022, Canada Goose had nine stores in Europe (See Figure 3).

European consumers were sophisticated and discerning when it came to luxury fashion and were among the marque's most enthusiastic fans. Yet the company faced stiff competition from local players such as Moncler, which had a substantial retail presence on the continent.

As in North America, Canada Goose faced opposition from animal rights activists. For example, a group of activists staged a 15-month protest outside its Regent Street store in London (Onita, 2021). Animal rights activists also targeted Flannels, a Leeds department store, in 2019 for stocking Canada Goose jackets (Cooper, 2019). PETA, meanwhile, claimed credit for convincing the Berlin Film Festival to end its sponsorship agreement with Canada Goose over the company's fur policy (Jancelewicz, 2017).

THE DECISION

As Reiss arrived back at his desk his mind fixed on the question of where to take the brand to next. There seemed to be promising opportunities in various markets, but not without challenges, and those challenges seemed most acute in China given its tumultuous relations with the West and the growing trend of consumer nationalism. The idea of building additional brick-and-mortar retail stores was appealing to Reiss, but it was unclear whether this was the best use of company resources. Moreover, selling direct to the consumer put the burden of forecasting demand squarely on Canada Goose; in the age of COVID-19, that seemed like a risky proposition. Perhaps Canada Goose ought to return to its wholesale roots wherein retail partners assumed a greater share of the risk. Then again, maybe it ought to redouble its online efforts to take advantage of the global trend toward digital commerce and as a hedge against the possibility of future pandemic-related lockdowns. Choosing the right course of action would require prudence, foresight – and without question, another strong cup of coffee!

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APPENDIX

**FIGURE 1
CANADA GOOSE STORES – WORLDWIDE**

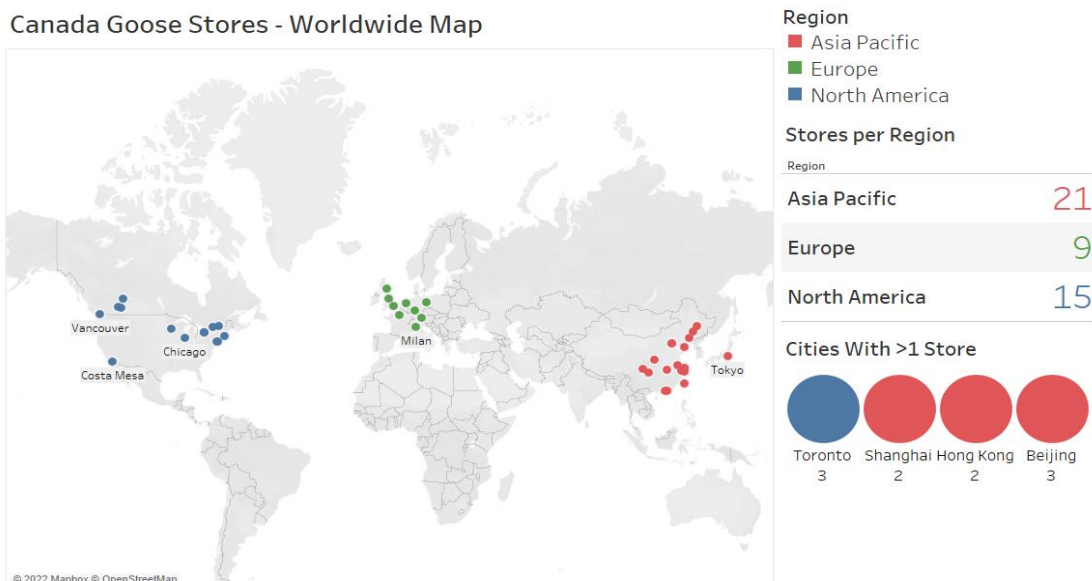
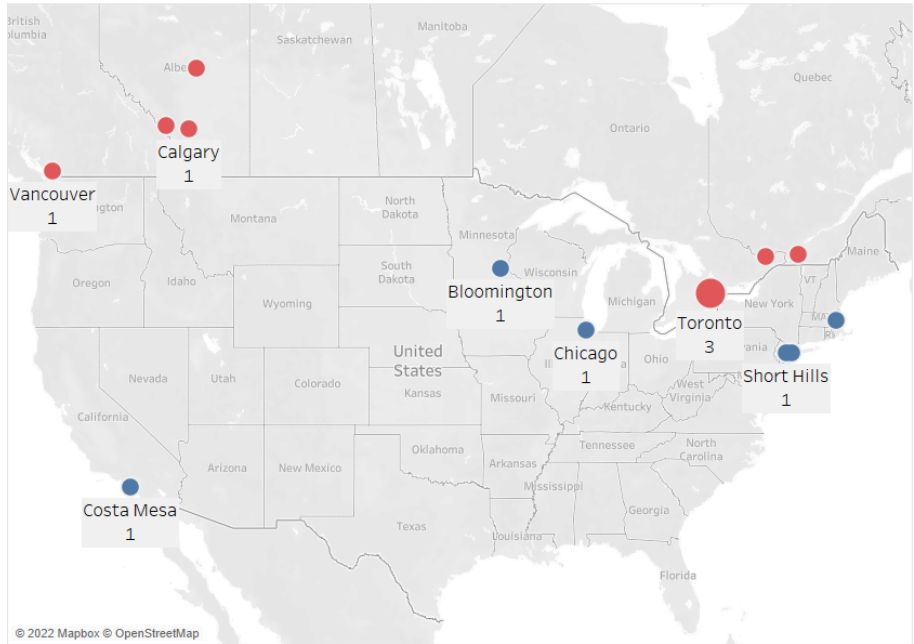


FIGURE 2
CANADA GOOSE STORES – NORTH AMERICA

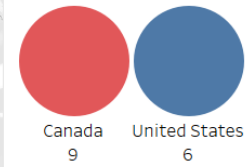
Canada Goose Stores - North America



Country

- Canada
- United States

Stores per Country



States/Provinces with Most Stores

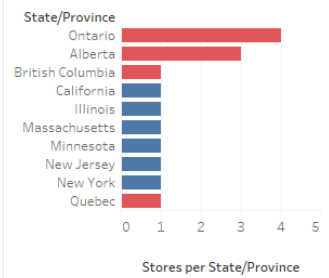


FIGURE 3
CANADA GOOSE STORES – EUROPE

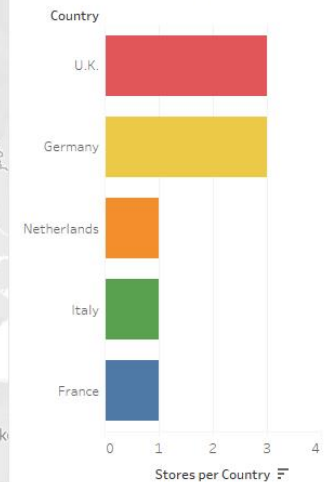
Canada Goose Stores - Europe



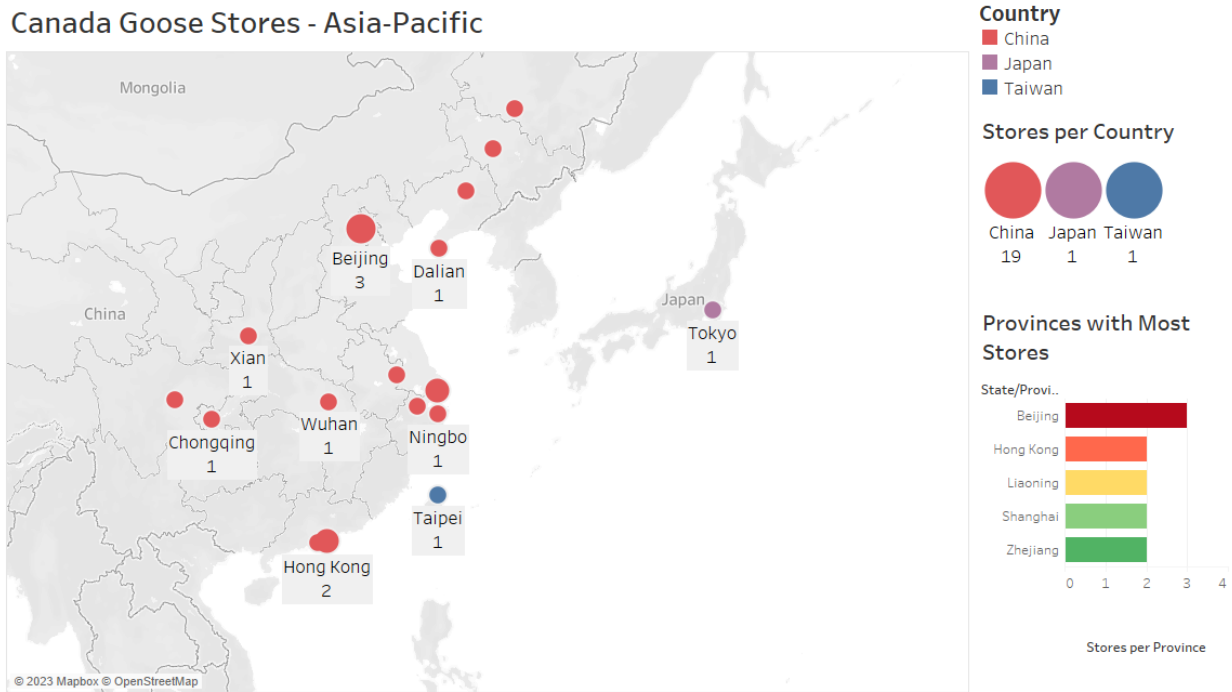
Country

- France
- Germany
- Italy
- Netherlands
- U.K.

Stores per Country



**FIGURE 4
CANADA GOOSE STORES – ASIA-PACIFIC**



**FIGURE 5
CANADA GOOSE FINANCIALS BY REGION**

