

DRAFT

BRAND PROFILE: CANADA GOOSE

Canada Goose believes the strength of its brand lies in being faithful to its roots, and 3,500% growth over the past decade suggests it is on the right flight path.

Flying solo

Imitation is the highest form of flattery, according to the adage. While that might be true, it is also the highest form of irritation for outdoor brand Canada Goose. The company has spent hundreds of thousands of dollars over the past decade trying to halt and deter the spread of counterfeit products from Asia – and not just because of the financial implications.

"For a person in a cold climate, an authentic Canada Goose parka could mean the difference between life and death," it says. "Without real down and fur, the chance of frostbite or freezing becomes a real possibility."

The company – whose products are only manufactured in Canada – recently won two significant victories: in Sweden, five men were prosecuted for manufacturing fake jackets in Thailand and selling them in Northern Europe; and in Canada, a tightening of border measures now means Canadian manufacturers and consumers have greater protection.

In the Swedish case, two of the defendants were sentenced to serve time in prison and Canada Goose was awarded €80,000 in damages. The counterfeit jackets were found to be poor quality, and used raccoon dog fur instead of coyote around the jacket hoods. Previous analyses of imitation jackets have shown they include feather mulch and other fillers which are often coated in bacteria, fungus, mildew and even faeces.

"This is a clear victory in protecting intellectual property and consumers, and it sends a strong message that counterfeiters will not be tolerated," says Kevin Spreekmeester, the company's vice-president of global marketing. It is testament to how seriously the company takes the issue that he is also co-chair of the Canadian Intellectual Property Council.

In 2011, it introduced holograms into all its products to indicate legitimacy, and set up a tool on its website through which customers can check suppliers. It has also worked with law enforcement agencies and hired brand protection agencies to deter the sales of counterfeit products online.



A coyote fur ruff is used around the hood for 'function not fashion' on the Victoria Parka, part of the brand's women's outdoor performance range.

Canada Goose

In its judgment, the District Court of Stockholm estimated that 10% of all goods in the European Union are counterfeit and that the practice has a harmful impact on the economy including causing unemployment. Fortunately for Canada Goose and its employees, despite the problem, the company is growing rapidly.

Extreme conditions

Launched in 1950, Canada Goose started life as Metro Sportswear, founded by Sam Tick, a Polish immigrant who established the company after gaining experience as a pattern cutter in apparel factories. The company made snowmobile suits and hats before moving on to down-filled jackets in the early 1970s. When Mr Tick's son-in-law, David Reiss, joined the company a few years later, he invented a down filling-machine that streamlined the process and set the company on a path to creating high-

COPYRIGHT



'We strongly believe it's our job to educate consumers whenever possible about how to avoid buying fake goods,' says Canada Goose CEO Dani Reiss.

Canada Goose

quality jackets suitable for the coldest conditions. In 1982, it developed an extreme weather jacket for Laurie Skreslet, the first Canadian to climb Mount Everest – a version of which is still in production today.

By the late 1990s it was the turn of David's son Dani to join the company; he brought fresh ideas and vision – one of the most important, he says, was keeping production in Canada when many were outsourcing to Asia. "About 15 years ago, the general thinking was that people didn't care about 'Made in Canada' at all and many Canadian apparel manufacturers moved their business overseas to grow profit margins," he says. "We stayed because we knew that people actually did care about 'Made in Canada', and because we'd be the only ones left, which I saw as a huge competitive advantage. It wasn't an easy decision, but in making that decision and commitment, we became successful." He changed the name to Canada Goose, and remains at the helm today.

Throughout the early 2000s, the company worked to be seen as a brand with a conscientious, supporting The Conservation Alliance, which has contributed more than $7.5 million to grassroots environmental groups since its launch in 1987, and Polar Bears International, of which Dani Reiss is chairman. It launched 'Goose People' to promote those it deems to embody the company's ethos, including Jordan Romero, the youngest person to climb the highest summits on seven continents, and Geoff Green, the founder of Students On Ice which operates Arctic and Antarctic expeditions.

Being able to withstand temperatures lower than -30°C is one of the reasons the company uses coyote fur around the hoods – a potentially controversial choice for the wider consumer. "We have closely examined the use of these products from both an ethical and conservationist perspective," it says. "We are firm in our belief that these ethics are sound." Lining the hood with a layer of fur traps air "in a way no synthetic fibre can", says Mr Reiss. It keeps exposed skin warm and ensures exhaled air does not freeze. The dogs are not farmed but trapped in "the most humane way"; adhering to the standards of the Fur Council of Canada – "the most stringent in the world". In many regions of Canada, coyotes are considered a pest as they attack livestock, endangered prey species, pets and sometimes people.

As well as fur, the other key ingredient in the jackets, which are stitched from more than 57 pieces, is down. Four blends are used, depending on the application and how warm the consumer wants to be, with one ounce containing about two million fluffy filaments that overlap to create insulating pockets of air. Feathers sourced by partner company Feather Industries Canada Limited are a by-product from the food industry, not live plucked: "We have a longstanding and very strong ethical position on this matter," says the company.

In early 2011, Canada Goose acquired Engineered Apparel, a Winnipeg-based manufacturing facility with 120 employees which specialises in down manufacturing and the production of high-end garments. It had been a supplier for five years at the time of the purchase, which was agreed so the company would have more control over its supply chain. At the time, Mr Reiss described the acquisition as "another significant step toward further establishing Canada Goose as the pre-eminent outerwear manufacturer in Canada with the greatest outerwear



The company has given away coats to actors and crews working in cold climates and featured in films including The Day After Tomorrow and Captain America.

Canada Goose

COPYRIGHT

manufacturing infrastructure in this country".

Sales figures confirm his confidence: the company posted 85% growth in 2010, completely selling out of many of its most popular styles and last year was estimated by analysts to have annual sales of roughly $196 million and earnings of $24 million. In April it expanded the Winnipeg facility, taking on 30 extra staff and doubling the floor space. It aims to add 100 extra workers over the next year, to add to its network of about a dozen manufacturers across the country. The extraordinary growth figure reported by Reuters is 3,500% over the past decade; and more than 1,500% growth over the last five years in the US alone.

Heading south

To benefit from the rapidly growing market south of the border, in May this year it opened its first US office. The country accounts for about one fifth of sales, and the Denver office will house a showroom and sales team, looking to build on existing business in the outdoor and lifestyle markets as well as expand into more fashion-focused accounts. "Denver is the gateway to the mountains and a major hub of the outdoor industry," says Ian Widmer, director of US sales.

Staying still is not an option for the brand. Similar brands have been launched in the last few years, offering hardwearing jackets and Canadian philosophy, but at a fraction of the price. Canada Goose must be seen to be on the move. "For Fall/Winter 2013, we've launched new technical shells," says Mr Reiss. "These innovative shells are made with our new propriety four-way stretch Tri-Durance HS fabric and feature waterproof, windproof protection. We`ve also expanded into the children`s market with our fully revamped youth, kids and baby collection, which features several pieces that stem from our original styles while still keeping kids warm. Every piece includes key safety features, is machine-washable, and offers the unique Gosling Graduate System, where parents can extend the length of sleeves and arms to make the most of their investment."

Marketing strategies have included dressing door staff at select Toronto nightclubs to boost visibility, and clothing VIPs at American football games. The company has also formed an alliance with the film industry, dressing actors and crews filming in cold environments. Collaborations have included singer Drake, who designed a "luxe" edition made from buffalo leather with a silk lining and 24k gold-plated zips, and more recently with Italian cashmere company Loro Piana, which supplied wools for its Como Parka and D'Alpago Bomber jackets.

"While we're traditionally known for our heavy-duty parkas made for the coldest places on Earth, we've had a tremendous response from consumers and the overall market for our lighter products, including our HyBridge Lite and Lightweight Down products," says Mr Reiss. Diversifying into lighter and fashion-forward ranges is key, particularly as it seeks to expand in the US.



Canada Goose has recently moved into offering lighter gear to follow the seasons, as well as branded gloves and baseball caps.

Canada Goose

To finance growth in the long-term, the company is seeking outside investment. "Canada Goose has been growing dramatically over the last decade and we want to continue on that incredible trajectory. We're certainly exploring options to introduce additional equity," says Mr Reiss. He denies the family-owned company is for sale, but says it would consider bringing on a "value-added minority partner". Information packs have been sent to potential suitors such as adidas, Nike, Helly Hansen, The North Face and Percival, according to reports, as well as private equity firms – although no update has been announced.

Any partner would no doubt have to adhere to the values that the company relies on – namely, being Canadian, and being experienced in the sector. "We are recognised globally as 'Made in Canada' champions and we wouldn't be the success story we are today if we hadn't stuck to making our products on Canadian soil," concludes Mr Reiss. "Cold weather is part of our national identity, and there are no better judges of the quality of our products than those for whom they are designed – and by whom they were inspired."

COPYRIGHT