

## Chapter 1: Identifying the new retail landscape

### Structure of Canadian Retail:

What/ How much we buy? - Quantitative, metric measuring

Where we buy? - Geographic, regional or channel, online or social media

When we buy? - Seasonal, Natural disaster, Economy Change

How we buy? - Technology

Paradime - looking into perspective (diff eye level)

### Industrial Classification (NAICS & SIC)

North American Industrial Classification System (NAICS, 2017)

US, Canada, Mexico (NAFTA)

Development from earlier Canadian Standard Industrial Classification (SIC, 1980)

Retail Industry Key Sector (11 sectors)

- Motor and parts dealer
- Furniture and home furnishing
- Electronics
- Appliances

### Csca Retail 100:

Annual reports on the top retailers in Canada

- Summary of reported published in Canadian retailers
- Top retailers

Info from fiscal reports

- Diff retailers use diff reporting periods
- Fiscal Reports

Estimation of retail sales

- Privately held or foreign owned retailers
- Challenging process to estimate sales

Retail Chain: Organization operating 4 or more outlets in same industry class under the same legal ownership

- E.G. Gap>Banana Rep> Old Navy

Retail Conglomerates: Companies either partially or fully own a # of other companies

- CSCA: highest level of ownership of a retail chains (working definition)
- Corporate ownership in extremely complex
- Corporation, parents, company, subsidiary

The Billion Dollar Club:

Top 100 retail conglomerates:

- Operated 405 retail chains

- Control 75% of total non-automotive retail sales (TNARS)

3 retail conglomerates:

- Weston Group, Walmart, Empire
- Control 29% of TNARS

Billion Dollar Club:

- 32 organizations w/ least \$11bn in sales
- 67% of TNARS, 89% of Top 100 retail sales
- 2 thousand store > 432 m sq of retail spaces

Corporate Concentration: market share controlled by a given # of retailers

- Cr4, a metric that looks at the market share controlled by the Top 4 retail conglomerates by sectors (Concentration in Ratio)
- Competition policies can impact the way in which retailers, are structured and/or allowed to operate their business
- In Canada the govt permits higher levels of corporate concentration due to the size and geography of Canada
- Red line max is 40%

The Big Middle (Levy et. al. 2005) :

- Conceptual model to assess the retail landscape
- Provides a mechanism to position and compare retailers along two dimension:
- Relative quality/ status of offering - relative price
- CR: how much?
- Low Concentration: Fashion
- High " : General Merchandise

E-Retail in Canada: A primer

- 1 of the most challenging areas of retail research > online retail sales
- Focus of a # of CSCA research insights
- Very large differences between govt sourced vs. commercial market research survey based estimates of e-retail sales
- How to deal with cross border e retail sale
- Forrester, E market

Summary:

- Canadian retail is concentrated AND heavily influenced by international particular US
- Concentration roles vary by sectors
- The major sectors in terms of sales are food and general merchandise retailers (no auto or gas)
- Big Middle is a model to look at the competitive positioning of retailers
- E retailers sales are increasing, however very difficult to estimation in the canadian marketplace

## Review Week 2: Retail Strategy

Statement that indicates:

1. Target market towards which a retailer plans to commit its resources
2. Nature of the retail offering that the retailers plans to use to satisfy the needs of the target markets
3. Base upon which retailers will attempt to build a sustainable (long-terms) competitive adv competitors

Branding Is everything:

- Product - Brand Name - Brands - Retailers - Retail Brands
- 360:
- Category Management and design
- Supply Chain Management
- Buying and Product offering
- Total Communication INternal External
- Merchandising and Presentation
- Consumer insight
- Location
- Store operation, customer servi
- Corporate culture, internal process, finances

Retail Branding Strategies:

Manufacture (national) brands:

- Product design, produced, marketed by a vendor and sold to many diff retailers
- E.g. Kellogs, Levis, Dewalt, Diesel

Growth in Licensed brands (types of manufacture brands)

- Owner of well known brand (licensors) contracts w/ (licensee) to develop, produce, sell branded merch
- E.g. P & G w/ fashion brand Hugo to produce perfume

Private Label (stores) brand:

- Product developed by a retailer and available for sales only from 1 retailer
- Accomplishments, George, Gao, Victoria Secret
- Generic, premium, parallel, exclusive co brands

Canada's Most Influential Brands (IPSOS)

Visionary brand continues to be founded on a sense of purpose that establish stronger emotional connections

- 5 key dimensions:
- trustworthiness
- Engagement
- Presence
- Being leading edge
- Corporate citizenship
- Netflix, Samsung, Amazon, Apple

## Keller's Pyramid - Consumer - Based Brand Equity

Stage of brand dpt.:

1. Identify = who r u ?
2. MEaning = What r u ?
3. Response = About u?
4. Relationship = u and me?

Building Blocks:

Resonance

Judgements

Feelings

Performances

Imagery

Saliency

Branding Objective at each stage:

Intense, active, loyalty

+Accessible reactions

Points of parity and differences

Deep, Broad brand Awareness

Brand Theory & Consumers

- Various theoretical rep of how long a brand exists in the mind of a consumer
- Cannot be directly observed
- Can infer the presence of brand from consumers behaviour
- Ask consumers about brand (research)

3Qs:

- Established a frame
- R we leveraging our point of parity
- New brands must establ credibi
- Brand extensions
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