

News

Kubas Consultants Releases Major Market Retail Report 2008

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Kubas Consultants, a Toronto based market research and consulting firm, has just released the 2008 edition of their annual study, *MAJOR MARKET RETAIL REPORT*. Known as *MMRR*, the study is based on extensive consumer research of non-food shopping habits and store preferences in Canada's six largest "VECTOM" markets (Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau and Montreal CMAs), which account for almost half of retail sales in Canada.

Economic Outlook Dims

Consumers have now become decidedly pessimistic on the overall Canadian economy, at least on net. In 2008, those saying the economy is getting worse increased significantly to 44%, while those saying things are getting better declined to 34%.

Most of the pessimism is concentrated in Eastern Canada. Westerners remain optimistic on net, with 46% saying the economy is improving versus 35% saying its getting worse. Nevertheless, consumers overall feel their personal financial situation is still holding up, and will continue to do so over the next two years.

EB #1 in Video Games

An entire new product category was introduced in MMRR 2008 – Video Games and Equipment. This includes both hardware and software for Playstation, XBox, Nintendo, GameBoy, GameCube, and so on, and its one of the hottest segments in retail.

EB Games leads the way as the most shopped store in this category; with the highest projected market share potential. But its lead is slim, with Future Shop, Best Buy and Wal-Mart rounding out the top 4. EB Games' competitive weak spot appears to be value for money, according to consumer ratings.

E-Commerce Growth Moderates

E-commerce continues to grow, but at a more moderate rate than was the case earlier in the decade. The key factor still seems to be the proportion of people who have Internet access at home, which increased slightly to 76% in the 2008 study.

- In 2008, about half of those with Internet access at home had bought something online in the last 12 months, a ratio which has remained fairly stable in the last few years.

Ed Strapagiel, *MMRR* study director and Executive Vice President of Kubas Consultants, notes that "online buying may now be within 5 or 10 points of its peak."

Top Shops: Canadian Tire, London Drugs, and Indigo/Chapters

The most shopped non-food retailer in Canada in 2008, overall in terms of total numbers, is Canadian Tire. Other top retailers include:

- London Drugs, which has the highest Drawing Power (the ability to bring in customers from the trade areas it serves); and,
- Indigo and Chapters, which are the highest rated retailers in terms of overall consumer performance perceptions.

Online Pulls Ahead Of Newspapers For Local Shopping Info

According to consumer ratings, flyers remained the top source of local shopping information, that is, for deciding on a particular store to shop at. But in 2008, the Internet pulled into the #2 spot, displacing newspapers. One factor behind this might be that nearly 50% of consumers voluntarily receive electronic communications from retailers, to the tune of an average 3.3 items each.

2008 Retail Sales Forecast

Kubas Consultants' projection for total Canadian retail sales in 2008 is \$435 billion, up 5.8% from 2007. The VECTOM markets represent 49% of the national total with or \$211 billion in retail sales. The main factor, however, is gasoline station sales – pump prices in other words – which are over-inflating retail growth. General merchandise retail sales are expected to grow only about 4% in 2008.

Retail sales projections are based on Statistics Canada's reported retail trade data and estimates by Kubas Consultants. Visit www.kubas.com/rpa for a free quarterly Retail Sales Outlook Report.

MMRR Trend Wizard Here to Stay

Introduced in 2007, the **MMRR** Trend Wizard – now a permanent fixture in the **MMRR** package – is a software product that allows users to select up to 5 retailers at a time, and compare them quickly and easily on any one of 17 retail performance metrics, such as Total Shoppers or Customer Service score. The Trend Wizard instantly illustrates comparative 10-year trends in a formatted chart, and provides data that users can apply in their own analyses.

Statistical Note

MMRR 2008 is based on a survey of 1,243 consumers aged 18 years and over conducted in February 2008. A normal probability sample of this size has a maximum statistical error of $\pm 2.8\%$ at the 95% confidence level or 19 times in 20.

More Information

Full information on **MMRR** is available on the Internet at www.kubas.com/mmrr, or by e-mail at mmrr@kubas.com. Or contact Ed Strapagiel or Melanie Goddard of Kubas Consultants at 416-487-7040.

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Kubas Consultants

2300 Yonge Street, Suite 2002
Toronto, Ontario M4P 1E4
Phone: 416-487-7040
www.kubas.com