NEW FORMATS IN THE CANADIAN RETAIL ECONOMY

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Overview

New format retailers with their low gross margins and low cost structures are changing the way retailers in Canada are doing business. Our analysis estimates that new format retailers in Canada in 1993 occupy approximately 15,828,300 square feet of space, much of which has been developed since 1990.

Since 1990, despite the recession, there has been a doubling of new retail format space in the Greater Toronto Area (GTA), as the square footage has increased by 132% from 2,184,100 square feet to 5,070,400 square feet.

Category Killers account for 54.7% of the new format retail square footage in the GTA, while 35.9% is associated with Superstores, and only 9.4% with Membership Clubs. The latter group is more significant than it appears. Only two Membership Club outlets are in operation at present, both of which are Price Clubs that range between 100,000 and 125,000 square feet. These warehouses are having a sizable impact on the retail market, as well as on the market share of traditional retailers.

Our analysis has shown that Canadian-owned retailers are barely holding on to the majority of new format square footage in the GTA with 55%. U.S. and European-owned companies combined make up the other 45%.

Newly created "power nodes" (groupings of two or more substantially sized new format retailers) are beginning to create a new retail landscape in the outer suburbs of the GTA. They have been drawn to these locations by accessibility needs, and in response to higher operating costs and restricted zoning practices in the inner suburbs and city center.

Typically, the overall cost of operating a retail store is 2–3 times less expensive at a free standing suburban location than it is in a regional shopping center. In the GTA, the average 25,000 square foot "box retailer" will pay $10.00 per square foot base rent, when a 2,500 square foot retailer in a regional shopping center can pay 4–6 times that amount. Total costs including taxes, heating, and air conditioning can be 5–10 times higher in malls than in free standing locations.

New format square footage in Canada will increase in the next year as a number of U.S. chains expand north of the border and existing Canadian new format retailers extend their network of facilities. Some of the potential new entrants include: Home Depot, Eagle Hardware, Fays Drugs, Burlington Coats, Comp USA, and Payless Shoes.

The traditional Canadian retail chain is undergoing massive changes. Retail formats are becoming larger, they are locating in more peripheral free standing locations, and they are spawning new formats that are adopting a number of new retail concepts. An example of this change in preference is Lewiscraft's new 12,500 square foot warehouse store located in a power center just north of Toronto. This store is offering "how-to" to arts and crafts and hobby classes taught by professionals.

The traditional regional shopping center also is changing its size and format. There is the emergence of the Home and Design Center for household improvement ideas, materials or furnishings. These large strip developments are built on the outskirts of the GTA and are accessible by either a main road or highway.

Canadian retailers have reacted to new retail formats in a variety of ways. Some chains have either reinvested in existing facilities or developed new competing forms (e.g., Aikenheads, Canadian Tire). In other instances, long established retail chains (e.g., Loblaws) have appealed the introduction of new retail formats (e.g., Warehouse Clubs) to the provincial regulatory agency - the Ontario Municipal Board (OMB).

■ Introduction

The late 1980's and early 1990's have witnessed a series of fundamental structural changes that have altered North American retailing. One major structural change has been the introduction of a variety of new retail forms at both the level of the retail chain and the shopping center. Typically, these are efficient low cost formats using technologies in product scanning, distribution, ordering, and various forms of market research that permit lower prices and margins while maintaining an acceptable level of profit. In turn, these new retail facilities have put competitive pressures on long-established retail chains to lower their cost structures. It is a common axiom that one half of the retailers now existing will disappear by the year 2000.

The changes which have occurred in the Canadian market are largely the result of a simultaneous convergence of political and market forces. The Free Trade Agreement has led to a greater awareness of neighboring markets by both Canadian consumers and U.S. retailers. The number of American retailers entering Canada, many with new formats, increased dramatically as did the flow of Canadian cross-border shoppers. The high value of the Canadian dollar exacerbated an already difficult situation for Canadian retailers at the end of the 1980's, as did the imposition of the Goods and Services Tax. These factors, combined with the worst recession in 60 years, put prices and margins under intense pressure. Canadian retailers were pressured to change both their methods and formats of doing business.

In the 1990's, a new Canadian retail landscape has begun to emerge. There is a new genre of shopping centers and shopping nodes that serve distinct market niches and operational requirements. Examples include off-price centers, power centers, special function centers and ethnic-oriented shopping centers, and freestanding, big box "superstores." Canadian examples of this latter type include: Superstores/Hypermarkets - e.g. Loblaws; Warehouse Clubs - e.g. Price Club, Costco; and Category Killers - e.g. Toys R Us, Ikea, Sporting Life, Aikenheads Home Improvement Centres, Business Depot, White Rose Nurseries. This research will explore, quantify, and evaluate the nature and impact of these new retail formats in the Canadian retail environment. The methodology is described in the next section of the report, followed by the empirical results of the research.

■ Methodology

The methodology involved three stages: (1) a preliminary investigation that included a review of the literature, formulation of definitions and development of the data base; (2) an evaluation of the extent of new format retailing at the national, provincial, and metropolitan scale and; (3) an assessment of the impact of the new format retail phenomenon on the existing retail and shopping center system. Each of these stages is described below.

First Stage

The first stage in the analysis developed a basic understanding of the types, corporate affiliation, growth, scale of operation, general operating characteristics, and geographic location of new retail formats (large space users) in the Canadian retail system. The identification and classification of these new retail formats required an extensive library search and field research. The details of these analyses are provided below.

(1) The search of the current literature related to the emergence of new retail formats in Canada produced a listing of nearly 230 articles. The earliest citations dated to 1988. There was little detailed information before 1990 when the number of articles expanded exponentially, reflecting the increased importance of new formats in the Canadian retail economy. While the majority of the articles focused on a small number of retailers (e.g. Price Club and Costco), there was enough information within the 230 articles to provide a general impression of the major players.

(2) Field work, interviews, and telephone directories produced data that measured the spatial concentration and degree of market penetration of the new format retailers in the Canadian marketplace.

These data were used to create a chart that tabulated for each new retail format:

- name of the major player
- ownership of the company
- number of Canadian, Provincial and GTA locations
- number of planned locations
- existence of the chain in the GTA in 1990
- average square footage per store
- total square footage in the GTA
- level of service offered, and
- commodity type.

It is important to note that the GTA comprises approximately 4 million people and represents the 4th largest retail market in North America. While the retail structure of the Toronto GTA has been well documented in a number of research reports (e.g. *Simmons, 1991* and *The Metropolitan Toronto Planning Department, 1987, 1992*) no comprehensive analysis of new retail format development exists for this area.

Second Stage

The second stage of the analysis examined the growth and distribution of new retail formats in the Greater Toronto Area. At the metropolitan scale, the magnitude of freestanding, space-intensive retail chains and new format shopping centers was examined. This phase of the study involved three parts.

First, the main characteristics of new format retailers were defined. The square footage of each category group (i.e. Category Killers, Superstores, Membership Clubs and Warehouse Clubs) was computed by province, to create a national overview of their distribution. This information was expanded in a case study of the Toronto area to include other characteristics such as square footage by commodity base (e.g. hard goods, soft goods and food), and square footage by ownership type (Canadian, American and European).

Second, the locations of new retailers in the GTA were mapped to show all retail store formats (both existing and planned) and the distribution of power, specialty and ethnic centres. These maps led to an assessment of the location patterns of new retail forms, and a spatial comparison of "new format" shopping centers with traditional regional shopping centers.

Third, in order to measure the impact of the new format retailers on the existing shopping center hierarchy, the changes in the tenant mix in several key shopping centers were measured from 1988 to 1990 to 1993.

Third Stage

The third level of analysis examined the response of the existing chains to the new format retail phenomenon. This information was collected through: a) interviews with various industry sources including retailers, developers, and real estate managers; b) newspaper and magazine articles and annual reports; c) a market audit of the GTA; and d) a review of the decisions of the various OMB hearings and their implications for future new format retail development.

■ New Formats in the Canadian Retail System

New retail structures are changing the Canadian retail landscape. New format retailers stress product dominance in a market and provide consumers with a wide range of product choice, low prices, quasi self-service and a destination shopping environment. Early results show that new format retailers are meeting with success, as many of these chains have announced aggressive expansion plans for the next 3 to 5 years. Some retail experts have suggested "that virtually every city in Canada that has

100,000 people in the trading radius will get a warehouse club" (*D. Tigert, Babson College, I.C.S.C Canadian Conference, Toronto, October 21, 1993*).

As a result, the interest in new retail formats has increased significantly, and the topic has been a major focus of a number of recent O.M.B. hearings in the Province of Ontario. A poll of the industry members of the newly formed Centre for the Study of Commercial Activity (CSCA) at Ryerson Polytechnic University reinforces the importance of studying this trend. The competitive pressure of retail formats on existing retail forms was viewed as the third most important issue facing Canadian retailers - surpassed only by taxation problems and the need for benchmarking.

Operational Definitions

A number of standardized definitions of new format retailing were developed based on the literature and discussions with industry professionals. The definitions adopted are listed below.

Category Killers are large format stores, with an average size of 15,000 to 200,000 square feet, that carry a wide selection of goods in a specific category of merchandise. Prices are lower than small independents, traditional specialty chains, or department stores. Merchandise layout and presentation are generally in a warehouse style and designed for self service. Category Killers typically have been associated with toys, business supplies and home improvement materials.

Superstores, with an average size of 50,000 to 95,000 square feet, carry a very wide range of groceries, often in bulk packaging, as well as added services such as photofinishing, pharmacies, and video rentals. Specialty services may include expanded bakery, deli, fish, and prepared food sections. Some superstores carry a limited range of other merchandise such as clothing, toys, stationery and sporting goods.

Membership Clubs, are large warehouse-style 90,000 to 120,000 square feet giants that carry a large proportion of food items and other goods that range from automotive to business supplies. These "big box" stores offer a limited selection of goods, priced with a gross profit margin of only 8%. These low prices are reflected in the fact that inventories "turn" on average every three weeks. These "freestanding" stores usually are located on large suburban lots. Membership Clubs charge their customers a small annual fee ($25–$30) and most of their merchandise is sold in bulk packages.

Warehouse Clubs, ranging in size from 25,000 to 50,000 square feet, specialize in a specific range of products. For example, Club Biz sells discounted office and computer supplies, while Club Ultima sells linens, housewares and luggage. These stores are larger than the average Category Killer, but smaller and more specialized than Membership Clubs. Unlike the latter, they do not require customers to pay a membership fee. Although membership is free, non-members are charged an extra 5% at point-of-sale to encourage all customers to become members.

A second list of definitions refers to new retail clusters or combinations of stores. These include power centers, power/destination nodes, and ethnic centers.

Power Centers, are unenclosed, planned shopping centers that are typically anchored by large value-oriented stores (e.g. Super Kmart, Wal*mart, Toys R Us, Target), linked to a group of ancillary tenants, often "category killers" of various kinds. This shopping center form emerged in the U.S. in the early 1980's as strip malls built to house "big box" retailers. In the U.S., the shopping center developers have been instrumental in providing expansion vehicles for large format retailers. To date this format has not been introduced widely into Canada.

Power/Destination Nodes, are defined as a group of two or more large format retailers, either freestanding or in small strip malls, that offer wide assortments and value prices to their customers. They draw from significantly larger distances than traditional types of retailers and malls. These nodes tend to increase customer traffic to surrounding stores within the 5–10 minute trade area, while having a negative effect on those outside this area.

Ethnic Centers, are designed to meet the demands of certain cultural groups. They take either planned or unplanned forms and tend to specialize in particular product lines, particularly food and food-related goods, personal services, and fashion. These products are fundamental expressions of each ethnic group and are not supplied in traditional Canadian regional shopping centers or shopping districts. Again, they draw customers from larger distances than conventional centers.

Home and Design Centers, are comprised of a large number of home and fashion accessory stores grouped together in one center to form a synergy that results in increased traffic. These specialty product centers typically are in the 100,000 to 275,000 square foot range and provide added services such as an Idea Center, a model home, or do-it-yourself seminars. These centers are open air strips in which the buildings follow a W shape and where doors often connect each store to the next. There are usually 30–50 tenants that specialize in various products for the home (e.g., lawn and garden, lighting fixtures, fireplaces, hardware, carpets, antiques and baby furniture).

A few of the stores identified in the analysis (e.g. Eagle Hardware and Home Depot) do not have any stores in Canada, but plan to enter this market in the near future. Each of the new format retailers identified in this research is listed and described in the Appendix.

An Overview of the Canadian Situation

The two tables below provide an overview of the present level of new format retail activity in Canada. Table 1 lists the major new format re-

TABLE 1. NEW FORMAT RETAILERS IN THE CANADIAN MARKET

STORE NAME	CATEGORY
Toys R Us	Category Killer
Ikea	Category Killer
Sporting Life	Category Killer
Aikenheads	Category Killer
Business Depot	Category Killer
White Rose Nurseries	Category Killer
Future Shop	Category Killer
Winners	Category Killer
Alive and Well	Category Killer
Idomo	Category Killer
Public Optical	Category Killer
B.B. Bargoons	Category Killer
Hakim Optical	Category Killer
Canadian Tire	Category Killer
Lenscrafters	Category Killer
The Office Place	Category Killer
Lewiscraft	Category Killer
Loomis and Toles	Category Killer
Michaels	Category Killer
Value Village	Category Killer
Grand and Toy	Category Killer
Loblaws	Superstore
Knob Hill Farms	Superstore
A & P	Superstore
Miracle Ultra Mart	Superstore
Price Club	Membership Club
Costco	Membership Club
Club Biz	Warehouse Club
Club Ultima	Warehouse Club

TABLE 2. U.S. COMPANIES PLANNING CANADIAN EXPANSION

STORE NAME	CATEGORY
Fays Drugs	Category Killer
Burlington Coats	Category Killer
Eagle Hardware	Category Killer
Comp USA	Category Killer
Home Depot	Category Killer
Payless Shoes	Category Killer

tailers that currently are active in the Canadian market. For the most part, they are the largest and most significant of their kind. Although the last three stores, Costco, Club Biz and Club Ultima are included in the national analysis, they are not used in the study of the GTA. While they are planning to extend their coverage to include Ontario and the GTA, no stores presently exist in these markets.

Table 2 presents a listing of American retail companies that are planning to expand their operations in Canada. In most cases, these firms will enter Canada through the introduction of large new format facilities. They are included in the report to demonstrate the continuing interest of major U.S. retailers in the Canadian retail system.

■ An Inventory of New Retail Formats

Since no comprehensive inventory of existing retail stores or new formats exists for the Canadian market, the development of such a listing was a fundamental component of the research. A second objective of the study was to assess the impact of new retail formats on the existing shopping center system. To facilitate the latter, a sample of regional shopping centers was examined to determine the impact of new format retailing on the tenant mix between 1990 and 1993. The location patterns of new retail concepts also were plotted to describe the new retail landscape. This is a first step in the development of a comprehensive inventory of the Canadian retail sector, a task to which the *Centre of the Study of Commercial Activity* is committed.

The general inventory of new format retailing in the Canadian market is summarized in Chart 1. The data are organized according to the following headings:

- store category: i.e., Category Killer, Superstore, Membership Club or Warehouse Club
- store name

- company ownership: Canadian, American or European
- parent company (if applicable)
- locations in Canada by province
- locations in the GTA
- locations in existence in 1990
- future locations
- average store size
- estimated total square footage in the GTA
- service levels
- commodity type.

This data base permits the estimation of total square footage in new retail formats for both Canada and the GTA. When this information is classified by commodity groups, the relative strength and growth of Category Killers, Superstores, and Membership Clubs in the Canadian retail system can be determined. New format retailers also are grouped by ownership type in order to identify the source and control of the innovation.

In the column "Service Offered" the services were defined as follows:

Self Serve stores offer very little or no help to the customer other than basic central cashiers and/or order desks.

Self Serve Plus stores provide some staffing, sometimes knowledgeable professionals, to help the consumer. These staff augment the central cashiers, but the format is designed largely to promote self-service.

Medium-High level stores provide moderate levels of service. Often, customers have to seek out employees.

High Service stores offer the customer readily available service at all times.

A National Perspective

The national overview identifies the degree of activity and locational preferences of new format retailers in Canada (Table 3). The Category Killers dominate, accounting for 56.2% of the new retail format space in Canada with 19 major players now active. Membership Clubs are the second most important and most concentrated category with two firms controlling 23.1% of the total "new format" square footage in Canada. The third grouping, Superstores, is responsible for 19.1% of Canada's total new format retail space while the last category, Warehouse Clubs, occupies only 1.6% of the total.

Table 4 illustrates the geographic concentration of new retail formats in the Canadian market. The new format square footage for each province is expressed as a percentage of the total for the country. The data have a distinct Ontario/Metropolitan Toronto bias for two reasons. First, the detailed field work that identified new format retailers was restricted to the Toronto market. As a result, information concerning those new format retailers located outside of Ontario was limited. Second, Ontario was the only province for which information on the superstores phenomenon was available. As a consequence, while one would expect that Ontario should account for the largest share of new format retailing, it would be somewhat smaller than the 56.2% shown in Table 4. These problems could have been addressed if a complete national retail inventory had been available that included the smaller, locally-based new format retailers. This was not the case. However, the data collected does reflect the general extent of major new format retail activity in Canada and in particular the level of new format retailing in the Greater Toronto Area.

The total space occupied by new formats in Canada identified in this research is 15,828,300 square feet, of which over half is found in Ontario. Ontario, along with Quebec and British Columbia, have attracted the highest percentages of these stores because these provinces house the three largest Canadian markets: Toronto, Montreal and Vancouver. In addition, these concentrated markets are close to the Canada/U.S. border and are obvious targets for American retail expansion.

If one excludes superstores from the analysis, Ontario still receives the largest share of new format retail development, but its share falls to approximately 44% of the national total, while Quebec and British Columbia's share increases to 22% and 21%, respectively.

The Greater Toronto Area (GTA)

Table 5 classifies new formats in the Greater Toronto Area by category type, number of stores, and selling area. Category Killers represent the largest new format type, accounting for 54.7% of the space. Superstores and Membership Clubs represent 35.9% and 9.4% of the space, respectively. There are many more Category Killers than any other group, although the average size of one of these stores is much smaller than either the Superstore or Membership Club.

While the Category Killers group is the largest, the impact of the Membership Clubs (i.e. Price Club), representing only 9.4% of the space, has attracted the most attention. Membership Clubs also have had the largest impact on the traditional retail system. The warehouse club format consistently offers the lowest prices in the market and generates produc-

CHART 1. INVENTORY OF NEW RETAIL FORMATS IN THE GTA

CATEGORY	NAMES	PARENT COMPANY	LOCATIONS IN CANADA	LOCATIONS IN GTA	EXISTING LOCATIONS 1990	PLANNED LOCATIONS	AVG. SQFT.	EST. TOTAL SQFT. IN GTA	SERVICE OFFERED	COMMODITY BASE
Category Killers	Toys R Us	Toys R Us N.J. – U.S.A.	Ontario – 20 Quebec – 13 Alberta – 7 Winnipeg – 2 Saskatchewan – 2 British Columbia – 3	Brampton Etobicoke Thornhill Weston Don Mills Mississauga Newmarket Whitby	Yes Yes Yes Yes Yes Yes Yes No	Unknown	35,000	280,000	Self Serve (+)	Hard Goods – toys
	IKEA	IKEA Group – Europe	Ontario – 3 Quebec – 2 Alberta – 2 British Columbia – 1	Toronto	No (Relocated from Mississauga)	Unknown	200,000	200,000	Self Serve (–)	Hard Goods – furniture
	Sporting Life Sporting Life Bikes	Brian McGrath Patty Russel David Russel – Canada	Ontario – 2	Toronto Toronto – S.L. Bikes	Yes No	Unknown	60,000 2,500	62,500	High	Soft Goods – sports clothes – sports equipment
	Aikenheads	Molson Malsharn Group – Canada	Ontario – 5 Quebec – 1	Oakville Scarborough Woodbridge Markham Brampton	No No No No No	(2) Vancouver B.C. – 1994 Edmonton, Alta. – 1994 Calgary, Alta. – 1994 Kitchener, Ont. – 1994 London, Ont. – 1994 Mississauga, Ont. – 1994 (2) Quebec – 1994	144,000	720,000	Self Serve (+)	Hard Goods – hardware – paint & paper

Business Depot	Staples – U.S.A. (in joint venture with Canadian management)	Ontario – 17 Quebec – 3	Etobicoke Concord Toronto Raxdale Yorkdale Mississauga Brampton Oakville Markham	No No No No No No No No No	Scarborough, Ont. – 1994 Toronto, Ont. – 1994	20,000	180,000	Self Serve (+)	Hard Goods – office products & supplies
White Rose	White Rose Nursery & Crafts Ltd. – Canada	Ontario – 26	Unionville Raxdale Oakville Scarborough Whitby Mississauga North York Pickering Oshawa Brampton Newmarket Etobicoke	Yes Yes No Yes No Yes No Yes No No No Yes	Unknown	18,000	216,000	Self Serve	Hard Goods – florist/ nursery
Future Shop	Vycom Electronics Ltd. – Canada	Ontario – 16 Alberta – 8 British Columbia – 10 Manitoba – 2	Toronto Scarborough North York Mississauga Brampton Markham Weston	No Yes Yes No No No Yes	Burlington, Ont. – 1994 Mississauga, Ont. – 1994	17,000	119,000	Medium – High	Hard Goods – electronics – computers

CHART 1. *(Continued)*

CATEGORY	NAMES	PARENT COMPANY	LOCATIONS IN CANADA	LOCATIONS IN GTA	EXISTING LOCATIONS 1990	PLANNED LOCATIONS	AVG. SQFT.	EST. TOTAL SQFT. IN GTA	SERVICE OFFERED	COMMODITY BASE
	Winners	T.J. Maxx – U.S.A.	Ontario – 21	Scarborough – Vic. Pk. & Shap. Scarborough – Bath. & Law. Thornhill Oakville Markham Brampton Pickering Richmond Hill North York Toronto Newmarket Mlns. – Dundee & Winston Chur. Miss. – Dixie Value Mall Leaside Scarborough	No Yes Yes Yes No No No No No No No No No No No	Laval, Que. – 1994 Winnipeg, Man. – 1994	20,000	300,000	Self Serve (+)	Soft Goods – family wear
	Canadian Tire (All-Out-Retail & Seasonal only)	Canadian Tire Corp. – Canada	Ontario – 15 Quebec – 13 Alberta – 4 Saskatchewan – 2 Manitoba – 1 British Columbia – 4 Newfound- land – 1 Yukon – 1 North West Territories – 1	Ajax Georgetown Markham Oshawa Pickering Willowdale	No No Yes No No Yes	All stores will eventually become All- Out-Retail	25,000	150,000	Self Serve (+)	Hard Goods – hardware – automotive – leisure – petroleum products

Alive & Well	Donald Cooper Wanda Burke – Canada	Ontario – 1	Markham	Yes	Unknown	20,000	20,000	High	Soft Goods – women's clothing
Public Optical	Public Eye Care Management – Canada	Ontario – 12	Toronto – 4 North York Willowdale Scarborough Raxdale Mississauga	Yes – all 4 Yes Yes Yes Yes Yes	Unknown	1,500	13,500	High	Hard Goods – eye care products
Hakim Optical (Only includes 1 hr lab stores)	Mr. Hakim – Canada	Ontario – 40 Nova Scotia – 3	Scarborough – 2 Mississauga Weston North York Willowdale	Yes – both Yes Yes Yes Yes	Unknown	3,000	18,000	High	Hard Goods – eye care products
B.B. Bargoons	Molson Malsharn Group – Canada	Ontario – 16 Nova Scotia – 1	Toronto – 2 Mississauga Unionville Pickering Vaughan Etobicoke	Yes – both Yes Yes Yes No Yes	No plans	7,000	49,000	Medium – High	Hard Goods – wallpaper – fabrics – home accessories – home decor
Lenscrafters	U.S. Shoe Corp. – U.S.A.	Ontario – 31 Quebec – 6 Manitoba – 2 Saskatchewan – 1 Alberta – 10 British Columbia – 9	Toronto – Yonge & Dundee Toronto – Bloor & Yonge Mississauga – Erin Wills Pkwy Mississauga – The West Mall Don Mills – Law. & Don Mills Don Mills – Shap. & 404 Markham Newmarket Pickering Richmond Hill Raxdale Brampton Bramalea Vaughan Downsview	Yes No No No No Yes No No No No Yes No No No No	Unknown	2,200	33,000	High	Hard goods – eye care products

CHART 1. *(Continued)*

CATEGORY	NAMES	PARENT COMPANY	LOCATIONS IN CANADA	LOCATIONS IN GTA	EXISTING LOCATIONS 1990	PLANNED LOCATIONS	AVG. SQFT.	EST. TOTAL SQFT. IN GTA	SERVICE OFFERED	COMMODITY BASE
	Idomo	Mr. DeBoer – Canada	Ontario – 3 Quebec – 1	Toronto Mississauga	Yes Yes	Unknown	120,000	240,000	Medium – High	Hard Goods – furniture
	The Office Place	Office Depot – U.S.A.	Ontario – 3	Mississauga – 2 Brampton	No – both No	Unknown	18,000	57,000	Low – Medium	Hard Goods – office supplies
	Michaels of Canada	Michaels Limited – U.S.A. (in joint venture with Canadian management)	Ontario – 2	Oakville	No	(2) Vancouver B.C. – 1994 (2) Toronto, Ont. – 1994	22,000	22,000	Medium – High	Hard Goods – arts & crafts supplies
	Lewiscraft (New larger format stores only)	Gary Lewis – Canada	Ontario – 2	Weston Scarborough	No No	Mississauga, Ont. – 1994	12,500	25,000	Medium – High	Hart Goods – arts & crafts supplies
	Loomis and Toles (New larger format stores only)	Esselte A.B. – Europe	Ontario – 1	Downsview	No	Unknown	20,000	20,000	Medium – High	Hard Goods – arts & crafts supplies
	Value Village	T.V.I. Inc. – U.S.A.	Ontario – 5 British Columbia – 5 Saskatchewan – 2 Quebec – 5 Manitoba – 3 Yukon – 1 Alberta – 6	Mississauga Brampton	No No	Unknown	25,000	50,000	Self Serve	Soft Goods – clothes, furniture, toys

Super Stores	Loblaws Supercentres	Weston – Canada	Ontario – 8	Pickering North York Brampton Scarborough Richmond Hill	Yes Yes No Yes Yes	Unknown	80,000	400,000	Self Serve	Food – grocery
	Knobhill Farms	Steve Stavro – Canada	Ontario – 9	Toronto – 2 Toronto – Carlew & Gerard Mississauga North York Markham Pickering Oshawa	Yes – both No No No Yes Yes Yes	Unknown	95,000	760,000	Self Serve	Food – grocery
	Miracle Ultra Mart	A & P – Europe	Ontario – 12	Bramalea Thornhill Scarborough – 2 Scarborough – Shap. & Mark. Markham Mississauga Oakville	Yes Yes Yes – both No Yes No No	Unknown	45,000	360,000	Self Serve	Food – grocery
	A & P (36,000 + sqft. stores only)	A & P – Europe	Ontario – 23	Brampton Whitby Mississauga Newmarket Oakville Oshawa	No No No Yes No No	Unknown	50,000	300,000	Self Serve	Food – grocery
Warehouse Clubs	Club Biz	Irving Ludmer – Canada	Quebec – 4	N/A	N/A	Unknown	35,000	N/A	Self Serve	Hard Goods – office equipment – computer equipment
	Club Ultima	Irving Ludmer – Canada	Quebec – 2	N/A	N/A	Unknown	55,000	N/A	Self Serve	Hard Goods – linens – housewares – luggage

CHART 1. *(Continued)*

CATEGORY	NAMES	PARENT COMPANY	LOCATIONS IN CANADA	LOCATIONS IN GTA	EXISTING LOCATIONS 1990	PLANNED LOCATIONS	AVG. SQFT.	EST. TOTAL SQFT. IN GTA	SERVICE OFFERED	COMMODITY BASE
Membership Clubs	Price Club – Merged with Costco	The Price Company & Costco Wholesale Corp. – U.S.A.	Ontario – 7 Quebec – 8 British Columbia – 1 Nova Scotia – 1	Mississauga – 2 Woodbridge	No – both No	St. Catherines, Ont. – 1994 Etobicoke, Ont. – 1994 Scarborough, Ont. – 1994 Whitby, Ont. – 1994 Quebec – 1994	120,000	360,000	Self Serve	Hard Goods/ Food – grocery – household – automotive
	Costco – Merged with Price Club	The Price Company & Costco Wholesale Corp. – U.S.A.	Vancouver – 13 Ontario – 1	Ajax	No	Unknown	115,000	115,000	Self Serve	Hard Goods/ Food – grocery – household – automotive

TABLE 3. NEW FORMAT RETAILERS IN CANADA

CATEGORY KILLER	SQUARE FOOTAGE CAN
Hakim Optical	129,000
B.B. Bargoons	119,000
Lenscrafters	129,800
Idomo	480,000
Office Place	57,000
Lewiscraft	25,000
Loomis & Toles	20,000
Michaels	44,000
Value Village	775,000
Future Shop	612,000
Winners	420,000
Canadian Tire	1,050,000
Alive & Well	20,000
Public Optical	18,000
Toys R Us	1,610,000
Ikea	1,600,000
Sporting Life	62,500
Aikenheads	864,000
Business Depot	400,000
White Rose	468,000
TOTAL	8,903,300

MEMBERSHIP CLUBS	SQUARE FOOTAGE CAN
Price Club	2,040,000
Costco	1,610,000
TOTAL	3,650,000

WAREHOUSE CLUBS	SQUARE FOOTAGE CAN
Club Biz	140,000
Club Ultima	110,000
TOTAL	250,000

SUPERSTORES	SQUARE FOOTAGE CAN
Loblaws	480,000
Knob Hill Farms	855,000
Miracle Ultra Mart	540,000
A & P	1,150,000
TOTAL	3,025,000

TABLE 4. NEW FORMAT SQUARE FOOTAGE BY PROVINCE

PROVINCE	TOTAL SQUARE FOOTAGE CAN	PERCENTAGE OF TOTAL
Ontario	8,906,700	56.2
Quebec	2,852,200	18.0
British Colombia	2,399,800	15.1
Alberta	1,053,000	6.7
Manitoba	208,400	1.3
Saskatchewan	172,200	1.1
Nova Scotia	136,000	0.9
Yukon	50,000	0.3
Newfoundland	25,000	0.2
North West Territories	25,000	0.2
TOTAL	15,828,300	100

tivity in excess of $1200/square feet - a level 3 to 5 times that of traditional retailers. Size and price give these warehouses more drawing power than any other retail format and rival the draw of the regional shopping center. Superstores have been a significant feature of the retail geography of the Toronto area since their introduction in the mid-1980's. These large grocery warehouses (some in excess of 300,000 square feet) merchandise food, in addition to a number of ancillary products (e.g. pharmacy, photofinishing, clothing, toys, and electronics). These facilities are designed to offer the consumer increased convenience and a form of one-stop shopping.

Table 6 classifies the new retail formats in the GTA according to product line. The Hard Goods category has both the largest number of stores and the greatest amount of square footage (59.9%), while the Food category is the second largest, occupying 30.4% of the new format retail space. Food stores on average are much larger than the Hard Goods retailers. The Soft Goods category is small in terms of the number of players and total new format space occupied (9.7%).

The newest store in the Food category is The Price Club, where customers, for the most part small businesses, corporate and government employees, pay a small annual membership fee. In return, the consumer benefits from lower prices on many food and non-food items that are sold in "bulk." This chain also sells many hard goods at very low prices, and is able to do so because of their low cost structures, simple store set-up and minimal staffing. The membership club format is expanding in the GTA as the Price Club's partner Costco is expected to open at least one warehouse in the GTA before the end of the year, assuming that land-use zoning issues are resolved.

TABLE 5. NEW FORMAT RETAILING IN THE GTA

CATEGORY KILLERS	# STORES IN GTA	SQUARE FOOTAGE GTA
Toys R Us	8	280,000
Ikea	1	200,000
Sporting Life	2	62,500
Aikenheads	5	720,000
Business Depot	9	180,000
White Rose	12	216,000
Future Shop	7	119,000
Winners	15	300,000
Canadian Tire	6	150,000
Alive & Well	1	20,000
Public Optical	9	13,500
Hakim Optical	6	18,000
B.B. Bargoons	7	49,000
Lenscrafters	15	33,000
Idomo	2	240,000
Office Place	3	57,000
Lewiscraft	2	25,000
Loomis & Toles	1	20,000
Value Village	2	50,000
Michaels	1	22,000
TOTAL	114	2,775,000

SUPERSTORES	# STORES IN GTA	SQUARE FOOTAGE GTA
Loblaws	5	400,000
Knob Hill Farms	8	760,000
Miracle Ultra Mart	8	360,000
A & P	6	300,000
TOTAL	27	1,820,000

MEMBERSHIP CLUBS	# STORES IN GTA	TOTAL SQUARE FOOTAGE GTA
Price Club	3	360,000
Costco	1	115,000
TOTAL	3	475,000

Table 7 shows the ownership of these stores. While Canadian companies control 55.1% of the new retail format square footage in Canada, American and European firms control 27.6% and 17.3%, respectively. This means that almost half of the new format stores in Canada are foreign controlled.

TABLE 6. NEW FORMAT RETAILERS BY COMMODITY IN THE GTA

HARD GOODS	SQUARE FOOTAGE GTA
Hakim Optical	18,000
B.B. Bargoons	49,000
Lenscrafters	33,000
Idomo	240,000
Office Place	57,000
Future Shop	119,000
Canadian Tire	150,000
Public Optical	13,500
Toys R Us	280,000
Ikea	200,000
Aikenheads	720,000
Business Depot	180,000
White Rose	216,000
Sporting Life Bikes	2,500
Loomis & Toles	20,000
Lewiscraft	25,000
Michaels	22,000
Price Club	252,000
Costco	80,000
Loblaws	80,000
Miracle Ultra Mart	54,000
Knob Hill Farms	228,000
TOTAL	3,039,000

SOFT GOODS	SQUARE FOOTAGE GTA
Winners	300,000
Alive & Well	20,000
Sporting Life	60,000
Value Village	50,000
Loblaws	60,000
TOTAL	490,000

FOOD	SQUARE FOOTAGE GTA
Price Club	108,000
Costco	35,000
Loblaws	260,000
Knob Hill Farms	532,000
Miracle Ultra Mart	306,000
A & P	300,000
TOTAL	1,541,000

TABLE 7. OWNERSHIP OF NEW FORMAT RETAILERS IN THE GTA

CANADIAN COMPANIES	SQUARE FOOTAGE GTA
Sporting Life	62,500
Aikenheads	720,000
White Rose	216,000
Future Shop	119,000
Canadian Tire	150,000
Alive & Well	20,000
Public Optical	13,500
Hakim Optical	18,000
B.B. Bargoons	49,000
Idomo	240,000
Lewiscraft	25,000
Loblaws	400,000
Knob Hill Farms	760,000
TOTAL	2,793,000

AMERICAN COMPANIES	SQUARE FOOTAGE GTA
Toys R Us	280,000
Business Depot	180,000
Winners	300,000
Lenscrafters	33,000
Office Place	57,000
Value Village	50,000
Price Club	360,000
Costco	115,000
Michaels	22,000
TOTAL	1,397,000

EUROPEAN COMPANIES	SQUARE FOOTAGE GTA
Ikea	200,000
Miracle Ultra Mart	360,000
A & P	300,000
Loomis & Toles	20,000
TOTAL	88,000

TABLE 8. CHANGES IN NEW FORMAT RETAILING SQUARE FOOTAGES: 1990–1993

YEAR	SQUARE FOOTAGE GTA
1990	2,184,100
1993	5,070,000

The increase in square footage in the GTA experienced by these new format retailers over the past few years has been exponential. Interviews with personnel from each of the corporate head offices indicate that this growth will continue at an accelerating pace for the foreseeable future.

Table 8 shows the increase in square footage of the new format retailers in the GTA between the years 1990 and 1993. There has been an increase of 132% in just three years. This has occurred in a major economic downturn and during a period which has seen many traditional retailers closing stores, declaring bankruptcy, or restructuring their operations. A partial list of problem retailers includes such Canadian retail institutions as Town and Country/Petites, Elks/Dapper Dan, Maher, Walters Jeweller, People's Jewellers, Bargain Harolds, Beaver Canoe, Ayres, Cotton Ginny, Kettle Creek Canvas, Liptons, Chadwicks, Creeds, F.W. Woolworth, Kinney Canada, and Big Steel.

The Location of New Format Retailers in the GTA

In order to assess the location patterns of the new format retail phenomenon, these retail activities were plotted on maps of the GTA. Maps 1–4 include the locations of the category killers, Maps 5 and 6 show the distribution of the superstores and warehouse clubs, and Map 7 presents the network of specialty retail areas and power centres in the GTA. The aggregate location decisions of these new format retailers are producing a new retail geography of the GTA. In many areas, these retail facilities are locating in clusters and creating "Power/Destination Nodes" and "Power Centers" throughout the Toronto region.

One of the largest of these retail concentrations is located at the intersection of Dundas Street and Winston Churchill Boulevard in Oakville. This grouping consists of five of the largest new retailers: The Price Club, Aikenheads, White Rose, Winners, and B.B. Bargoons. These stores are not in one strip mall, nor are they all on the same side of the street, but the collective drawing power they generate is substantial. In the same area, a new strip mall is under construction that will eventually be home to four new retailers, one of which is Michaels of Canada, a new format arts, crafts and party store. With Michaels added to this powerful cluster, this node will rival the average regional shopping center.

These retail clusters benefit from high accessibility, relatively cheap land, and the proximity of other power retailers. When complementary stores are attracted to a good site, accessibility increases. These emerging developments are retailer-driven as opposed to the commercial/retail expansions of the 1950's through the 1980's that were for the most part led by the shopping center developers. At that time, malls were the vehicle for retail expansion.

A second type of new format retail environment that has developed in the last five years is the Power Center. Typically, Power Centers are anchored by 3–5 new format retailers. These "big box" stores comprise between 60% to 80% of the centers' square footage. This is in contrast to the regional shopping center where the ancillary retailers account for between 40% and 50% of the gross leasable area. The lack of a strong ancillary base in the power nodes/centers reduces the rent stream for these properties and limits the interest of shopping center developers. From the consumer's perspective, however, the power center offers two advantages: a) access to new, value-oriented retail chains, and b) destination retail environments that reduce the number of stops.

The only power center in the GTA, Crossroads Place, is located at the intersection of Weston Road and Highway 401 (Map 7). This development is comprised of three independent strip mall developments that are linked by a series of small arterials. This power center development has attracted a series of large, price dominant/value retailers (i.e. Canadian Tire, Knob Hill Farms, Future Shop, Toys R Us, Lewiscraft, Bi-Way and Consumers Distributing). The unenclosed power center eliminates much of the common area costs that are associated with heating, air conditioning, and maintenance. Also the ancillary tenants generally are charged a lower rent in these locations than in the typical regional shopping center, where the non-anchor tenants subsidize the low rents that are charged to the department store anchors. If these lower occupancy costs are passed on to the consumer, the customers benefit from overall lower prices.

Map 7 also shows the location of new format "home and design" shopping centers in the Toronto area. Again, these centers have been developed to serve distinct market niches that compete with the network of traditional regional shopping centers. The two Home and Design Centres are located in Mississauga and Pickering, while a third is planned for Woodbridge, north and west of the metropolitan area.

The emergence of these new format centers suggests that traditional shopping centers are not satisfying the changing and specialized needs of the Canadian consumer because they can not offer the entire range of specialized products that are required in a diverse metropolitan market. These centers are losing market share in specific retail categories such as food, home improvement, toys, automotive and business supplies. Traditional centers occupy the middle ground. They are under increasing competitive pressure from new format retailers that are attracting consumers on the basis of specialization and range of merchandise, value and price of product, and accessibility of location.

Most new format retailing is located in suburban/exurban locations throughout the GTA. However, as mentioned earlier, some of these retailers have attempted to seek locations in the central area. Warehouse clubs and new format, price dominant/value retailers are forced to keep their costs low. This requirement is translated into a preference for sites that can be developed on large parcels of industrial land in highly accessible locations. The new format retailers often prefer to purchase their sites in order to retain control of occupancy costs.

As retail stores have adjusted with the introduction of new formats, so has the network of shopping facilities. These changes are seen in the introduction of power nodes, home and design centers, power centers, and in the case of Toronto and Vancouver, the ethnic shopping center/strip. Each of these new development forms can be viewed as a reaction to the homogeneity of the planned regional shopping center that has dominated the retail structure of North America for the last three and half decades.

Ethnic shopping areas now play a very important role in Metropolitan Toronto and for some markets are an alternative to the traditional shopping center. They reflect both the cosmopolitan nature of the city and the multi-cultural policy of the country. Within the City of Toronto, for example, 18 distinct ethnic retail strips can be found. These serve a variety of groups - Italian, Chinese, Vietnamese, Polish, Portuguese, Greek, West Indian, and East Indian. Map 7 identifies the major concentrations of ethnic shopping areas in the GTA.

The Chinese community has been the most active in developing an alternative shopping center system. Thirty shopping centers that cater to the Chinese market now operate in the GTA. The major Chinese centers are identified on Map 7. This sub-sector is particularly dynamic and continues to respond to the rapid growth of the Chinese market. The tenant mix of these centers differs from the typical community or regional shopping center. These Chinese centers are comprised of a mix of wholesale stores, retail stores and services. A large proportion of their merchandise is imported from the Orient. Food, clothing and personal services dominate the tenant mix, but a variety of specialized retail/service activities that cater to the specific needs of the Chinese community also are found.

These include book stores, hobby, housewares, handbag and accessories stores; and personal services such as banks, medical centers, travel agencies, photofinishing, and opticians. These centers also support a wide range of community services that cater to the special needs of the Chinese population (e.g., churches, dance schools, realty services, and tutoring). While a complete inventory of Chinese and other ethnic retailers was beyond the scope of this research, it warrants future study.

Factory outlet malls, common in the United States, are rare in Canada. This is because of the power of major retailers, who oppose the practice of manufacturers selling merchandise in factory outlet stores just above cost. Many major Canadian retailers have threatened to boycott suppliers who open and/or supply outlet stores. Given the high degree of retail concentration in Canada, this threat has been a powerful deterrent to the creation of a network of outlet malls in this country. Less than 10 outlet malls exist nationally. One of these malls is located in Kitchener, Ontario on the edge of the GTA. Merchants located here maintain that their outlets are not in direct competition with other existing retail outlets. These suppliers stress that merchandise in these outlet stores is out-of-season, over-runs, or test products.

Controlling the New Format Phenomenon

One particular response to the invasion of new format retailing into the Southern Ontario market has been the use of The Ontario Municipal Board (O.M.B.) to stop or delay the construction of "big box" stores. The appeal process to the Ontario Municipal Board is being used for a variety of reasons. Municipal planners hope that the decisions of the O.M.B. can be used to manage the invasion of new format retailers and to minimize the disruption to the traditional retail hierarchy. Municipal politicians see the O.M.B. as a possible means of protecting both small independent businesses and the downtown cores of smaller communities that could be decimated by the introduction of one "big box" retailer. The primary example of this strategy is Loblaws' legal response to Price Club's entry into Ontario. Loblaws has argued that the construction of Price Club locations should be disallowed on a number of grounds. In the early cases, Price Club attempted to locate on industrial land claiming that it was a warehouse operation. In these instances, Loblaws argued successfully that permitting Price Club (a retailer) to operate on industrial land was giving Price Club an unfair cost advantage in terms of lower land costs and taxes. In other cases, Loblaws is presenting both planning and market evidence to try to prove that Price Club locations would negatively impact the traditional retail hierarchy.

In 1993, the O.M.B. was considering five appeals from Loblaws and expected to have 20 more objections put before it in 1994. In a December, 1993 ruling, the Board approved a Price/Costco warehouse store in Brampton, Ontario. In its decision, the Board noted that "one cannot help but suspect, perhaps even conclude, that it is somehow being used as a means to prevent competition or at least postpone it". In addition, the Board took the unusual step of ordering both Loblaws and Price/Costco to pay $350,000 in costs for using "pointless" and "wasteful" arguments that extended the hearing from a 10 week to a 110 day process.

■ Impact of New Retail Formats

In the past, many U.S. retailers have been slow to enter Canada because of high business costs. The dominant barriers to entry in the 1980's were high land costs and rates of taxation, import tariff regulations, land use zoning restrictions, and the French language requirements on packaging. However, in the 1990's conditions have changed. The recession has lowered land costs (though taxes remain high) and the Free Trade Agreement and the North American Free Trade Agreement have created a greater awareness of the potential of the Canadian market.

The competitive U.S. environment has produced many profitable new retail formats that now have been introduced in the Canadian market. Their introduction has forced a number of Canadian retailers to adapt new formats in order to protect their market share. Lewiscraft, a traditional Canadian retailer, is a typical example of this process of adaptation. The company recently has opened a new format 12,500 square foot store in a power center, and has plans for a second in the near future. This type of store is five times larger than their typical store outlet in regional shopping centers.

The combination of high rents, low vacancy rates, and lack of available space associated with regional shopping centers and prime street locations are the major reasons "big box" retailers have sought out peripheral, non-shopping suburban locations. Tables 9 and 10 show the average rents, in the Toronto market, for a typical 2,500 square foot clothing store in three different categories of regional malls and in prime street locations. Table 11 shows the rents and associated costs for a larger 25,000 box retailer on the outskirts of the city.

These data indicate that the base rent for new format, suburban retail space is in the $10.00 per square foot range, while rent charged to fashion retailers in regional malls is $50.00 - $60.00. These differences in base rent provide the new format retailer with a distinct cost advantage over the existing competition. Other factors also provide the new format

TABLE 9. SAMPLE RENTS PER SQUARE FOOT (MALLS)

TYPICAL 2,500 SQ FT CLOTHING STORE	TYPICAL BASE RENTS PER SQ FT	*TOTAL COSTS INCLUDING PROMOTION & ADVERT.	% RENT PAID OVER BASE RENT	TERMS OF LEASE
Eaton Centre	$65.00–$75.00	$52.47	7%	10 Years
Sherway Gardens	$45.00–$50.00	$20.00–$22.00	6%	10 Years
Yorkdale	$55.00–$65.00	$20.00–$22.00	6%	10 Years
Scarborough Town Centre	$40.00	$20.00–$22.00	6%	10 Years
Fairview	$45.00	$20.00–$22.00	6%	10 Years
Promenade	$25.00	$18.50	6%	10 Years
Pickering Town Centre	$25.00	$18.50	6%	10 Years

TABLE 10. SAMPLE RENTS PER SQUARE FOOT (STREET LOCATIONS)

TYPICAL 2,500 SQ FT CLOTHING STORE	TYPICAL BASE RENTS PER SQ FT	*TOTAL COSTS INCLUDING PROMOTION & ADVERT.	% RENT PAID OVER BASE RENT	TERMS OF LEASE
Bloor Central at Yonge St	$35.00–$45.00	$15.00–$22.00	6%–7%	5 Years
Queen St East (Beaches)	$22.00–$26.00	$7.00–$8.00	N/A	5 Years
North Yonge (West) at Eglinton	$20.00–$26.00	$10.00	N/A	5 Years
North Yonge (East) at Eglinton	$22.00–$28.00	$10.00	N/A	5 Years

TABLE 11. SAMPLE RENTS PER SQUARE FOOT (FREE STANDING)

TYPICAL 25,000 SQ FT CLOTHING STORE	TYPICAL BASE RENTS PER SQ FT	*TOTAL COSTS INCLUDING PROMOTION & ADVERT.	% RENT PAID OVER BASE RENT	TERMS OF LEASE
Category Killer	$11.00–$15.00	$5.00–$7.50	N/A	5–10 Years

*Total Costs include Advertising, Promotion, Heating, Ventilation and Air Conditioning (HVAC), and Common Area Maintenance (CAM)

retailer with cost savings. Occupancy costs including taxes, CAM (common area maintenance) and HVAC (heating, ventilation and air conditioning) can be five to ten times higher in regional malls than in free standing locations. Box retailers are not required to pay percentage rent to the developer as they might in a shopping center location. Retailers choosing existing buildings as potential locations also have the option to negotiate a shorter lease period. On average, it costs two to four times more to locate in a regional shopping center than to operate a free-standing facility. On the other hand, a free-standing site must attract its own customers, because of its size and variety and value of merchandise relative to competitors. In this respect, advertising and reputation are important - and here the American retailers have substantial advantages because of the cross-border experiences of Canadians.

Changes at the Retail Store Level

In response, the traditional retail store is rapidly taking on a new look as new formats continue to expand. The major changes can be seen in increases in store size, in the preference for freestanding locations on the outskirts of the GTA, and the introduction of new merchandising concepts that stress price and/or quality. Examples of these innovations at the store level include Fairweather, Value Village, Future Shop, Michael's of Canada, and the Dollar Store.

These new retail stores are using different methods of combining merchandise under one roof. The focus is on larger sizes, lower costs, efficient inventory systems, and lower prices, and this often results in the creation of the Category Killer. The emphasis on turnover requires better connections between supplier and retailer.

The Impact on Regional Shopping Centers 1988–1993

The next stage in the analysis measured the impact of new format retailing on the regional shopping center system in the GTA. Four major regional shopping centers were examined for 1988 and 1993 to determine if competition from the new retail formats may have been associated with changes in the tenant composition, size of stores, or vacancy rates within these centers. The four super regional shopping centers considered are operated by the same development company. This minimized the degree of variation between the centers that may have been introduced by differences in corporate policy. The tenant changes in the sample of shopping centers between 1988 and 1993 are summarized in Tables 13, 14, 15 and 16, respectively.

The initial impact of new formats on the actual tenant composition and vacancy rates has been very small. There have been surprisingly few changes in the tenant composition over the 1988–1993 period. A consistent increase in the fashion category was observed at three of the four malls where increases in this category of 9%, 16%, and 21%, were experienced. However, the fourth mall experienced a slight decrease of 3% in the same category.

Each of the four centers had small increases in personal accessories (category 21) and in miscellaneous retailing (category 25). The services category (26) increased slightly for two malls, and decreased slightly for the two others. All four shopping centers experienced slight increases in their vacancy rates between the years of 1988 and 1993, due to the recession. In general, there was a remarkable stability in the tenant mix of these shopping centers over the period of expansion of the new format retailers. This suggests that the category killers are either serving new markets, or (most likely) impacting traditional retailers in categories traditionally excluded from the regional center.

The regional shopping centers that were examined have not responded to the new trend in retailing by altering either their tenant mix or store sizes. However, mall managers are experimenting to maintain their market share. One example is the trial introduction of independent retailers in kiosks. As well, malls are paying more attention to customer service by staging more mall promotions and by offering personal services such as strollers, coat checks, gift wrapping and valet parking. They have installed additional information counters and are using "greeters" in high traffic areas to improve the shopping experience.

In general, regional shopping centers in Canada have not been affected directly by the new formats. The "big box" retailing has been restricted to merchandise activities related to hardware, office supplies, fur-

TABLE 12. DEFINITIONS OF CATEGORIES USED FOR SHOPPING CENTER TABLES

1. **Combination Stores** – groceries with 20% or more fresh meat
2. **Grocery, Confectionery and Sundries Stores** – grocery stores with 20% or less fresh meat

3a. **Food Stores** – eat in

3b. **Food Stores** – take out

4. **Department Stores**
5. **General Merchandise Stores** – less than one third food, and all department store, mail order and catalog sales offices
6. **General Stores** – more than one third food
7. **Variety Stores**
8. **Men's Clothing Stores** – men's and boy's clothing, furnishings, hats and custom tailors
9. **Women's Clothing Stores** – women's and misses' ready-to-wear stores, lingerie, hosiery, accessories and other apparel stores
10. **Family Clothing Stores** – family clothing and furnishings
11. **Shoe Stores** – men's, boy's, women's, misses', children's and infant's shoe stores
12. **Hardware Stores**
13. **Household Furniture Stores**
14. **Household Appliance Stores** – appliances and electrical supplies stores
15. **Furniture, TV, Radio and Appliance Stores**
16. **Pharmacies, Patent Medicine and Cosmetics**
17. **Books and Stationery**
18. **Florist**
19. **Jewellery Stores**
20. **Sporting Goods and Accessories Stores** – sporting goods, boats, outboard motors, boating accessories, bicycle and bike repair shops, motorcycle dealers
21. **Personal Accessory Stores** – tobacco stores and stands, news dealers, gift, novelty and souvenir shops, camera and photographic supply stores, luggage and leather goods stores, toy and hobby shops, key stores
22. **Other Apparel and Accessory Stores** – millinery stores, furriers and fur stores, second hand clothing stores, piece goods stores, wool shops, fabric shops, children's and infant's clothing
23. **Other Home Furnishings Stores** – paint, glass and wallpaper, TV sales and service shops, radio and hifi stores, china, glassware and kitchenware stores, floor coverings, curtains, upholstery, interior decorations stores, antique stores, secondhand furniture, piano and organ, sewing stores
24. **Alcoholic Beverage Stores** – liquor, beer and wine
25. **Miscellaneous** – music, opticians, health appliance, pet shops, religious goods, art supplies, art galleries, coin and stamp, pawn shops
26. **Service Stores** – shoe repair, clothing alterations, hair cutting, Bell Telephone, travel agencies, cleaners

Source: Information taken in part from Census of Canada *Retail Trade 97-701,* 1971.

TABLE 13. CATEGORY SQUARE FOOTAGE CHANGE 1988–1993 MALL A

CATEGORY	SQFT 1988	% OF TOTAL	SQFT 1993	% OF TOTAL
1	0	—	0	—
2	37,089	2.7	0	—
3a	46,600	3.4	56,600	4.1
3b	1,800	0.1	1,200	0.09
4	890,137	65.0	856,600	62.0
5	0	—	0	—
6	0	—	0	—
7	0	—	0	—
8	37,500	2.7	39,800	2.9
9	92,800	6.8	103,000	7.4
10	20,800	1.5	38,100	2.7
11	35,400	2.6	32,160	2.3
12	4,000	0.3	4,200	0.3
13	14,000	1.0	14,000	1.0
14	0	—	0	—
15	0	—	0	—
16	10,100	0.7	12,900	0.9
17	18,100	1.3	23,000	1.7
18	1,300	1.0	1,000	0.07
19	11,200	0.8	12,000	0.9
20	10,600	0.8	21,400	1.5
21	16,900	1.2	23,700	1.7
22	13,500	1.0	5,000	0.4
23	18,400	1.3	17,600	1.3
24	4,800	0.4	5,000	0.4
25	10,900	0.8	32,000	2.3
26	74,300	5.4	94,300	6.8
TOTAL	1,370,226	100	1,393,460	100
VACANCY	1,300	0.09	3,500	0.3

niture, toys, and groceries - CRU space users that are not typically found in a typical regional center. However, certain Canadian retail fashion chains, perhaps in reaction to a potential new format threat, are protecting their market shares by creating "fashion superstores" in selected regional mall locations.

The Dylex corporation has introduced recently their 9,000–10,000 square feet new format Fairweather stores in Ontario and Quebec. Two Quebec fashion chains, Jacob and Marie Claire, are establishing 60–120 foot power aisles in a number of Montreal centers. In these units Jacob is combining 3 formats - Jacob, Jacob Junior, and Jacob Lingerie, while Marie Claire is grouping M.C. Collections, Terra Nostra, Reves de Femmes, and Emotions. To date, the most ambitious development is the 65,000 square foot fashion superstore that is being planned by the San

TABLE 14. CATEGORY SQUARE FOOTAGE CHANGE 1988–1993 MALL B

CATEGORY	SQFT 1988	% OF TOTAL	SQFT 1993	% OF TOTAL
1	0	—	0	—
2	0	—	0	—
3a	38,000	3.6	38,850	3.7
3b	5,000	0.4	6,000	0.6
4	603,814	57.0	624,300	59.8
5	0	—	0	—
6	0	—	0	—
7	0	—	0	—
8	42,050	4.0	39,000	3.7
9	89,160	8.4	80,100	7.7
10	14,600	1.4	41,100	3.9
11	38,660	3.1	27,400	2.6
12	10,100	1.0	4,200	0.4
13	15,700	1.5	4,000	0.4
14	0	—	0	—
15	0	—	0	—
16	9,800	0.9	10,400	1.0
17	18,700	1.8	18,400	1.8
18	1,200	0.1	1,300	0.1
19	5,900	0.6	10,300	1.0
20	9,000	0.8	6,300	0.6
21	17,900	1.7	18,600	1.8
22	5,600	0.5	10,300	1.0
23	22,600	2.1	21,400	2.0
24	12,900	1.2	9,400	0.9
25	9,300	0.9	31,700	3.0
26	89,364	8.4	41,800	4.0
TOTAL	1,059,348	100	1,044,850	100
VACANCY	6,900	0.7	22,700	2.2

Francisco group in suburban Montreal. This new concept "L'Ailes de Mode" will house 6 fashion concepts - San Francisco (mid-range women's fashion), West Coast (men's wear), Victorie Delage (lingerie), L'Officiel (upscale women's wear), Frisco (kids), and San Francisco Maillots (sportswear) in a fashion department store type environment.

The Impact on Traditional Retailers

While the regional shopping center has not responded directly to the new format phenomenon, the introduction of new format retailing has forced other areas of retailing to modify their operations. In particular, changes were observed in the department stores, superstores, retail chains, and the development industry.

TABLE 15. CATEGORY SQUARE FOOTAGE CHANGE 1988–1993 MALL C

CATEGORY	SQFT 1988	% OF TOTAL	SQFT 1993	% OF TOTAL
1	0	—	0	—
2	149,859	14.5	85,181	9.2
3a	33,200	3.2	42,841	4.6
3b	3,300	0.3	1,550	0.2
4	418,690	40.6	429,805	46.2
5	21,600	2.1	38,802	4.2
6	0	—	0	—
7	18,100	1.8	0	—
8	20,000	2.8	28,347	3.0
9	52,660	5.1	71,816	7.7
10	21,500	2.1	30,997	3.3
11	27,900	2.7	18,143	2.0
12	64,181	6.2	1,711	0.2
13	0	—	1,401	0.2
14	0	—	0	—
15	0	—	0	—
16	14,100	1.4	15,866	1.7
17	20,400	2.0	18,994	2.0
18	900	0.08	683	0.07
19	6,200	0.6	3,545	0.4
20	12,800	1.2	6,215	0.7
21	10,400	1.0	18,295	2.0
22	19,000	1.8	13,506	1.5
23	25,300	2.5	35,136	3.8
24	1,300	0.1	293	0.03
25	8,100	0.8	18,482	2.0
26	72,500	7.0	48,451	5.2
TOTAL	1,030,990	100	930,060	100
VACANCY	19,776	1.9	45,141	4.9

Major department stores such as Sears have recognized the increasing competition of new format retailers - particularly in the area of hard goods. In response, Sears has shifted its focus to soft goods. The company has increased the floor space for clothing and fashion, while decreasing the hardware square footage. Eaton's has also expanded specific departments while reducing others in order to become more dominant in selected merchandise lines. Department stores also are emphasizing their own brand names as a means of offering high quality at lower prices. In general, the department store sector has modified its marketing strategies to concentrate on fewer commodities with greater depth and breadth.

The Superstores, while part of the change in formats, also have responded to the introduction of other new format retailers. They have increased bulk packaging, introduced their own brand-name products

TABLE 16. CATEGORY CHANGE IN SQUARE FOOTAGE 1988–1993
MALL D

CATEGORY	SQFT 1988	% OF TOTAL	SQFT 1993	% OF TOTAL
1	0	—	0	—
2	83,373	12.3	41,000	6.4
3a	28,000	4.1	20,800	3.2
3b	4,500	0.7	5,900	0.9
4	244,370	36.2	290,300	45.1
5	5,800	0.9	6,400	1.0
6	0	—	0	—
7	0	—	0	—
8	23,500	3.5	17,300	2.7
9	70,200	10.4	55,900	8.7
10	21,300	3.2	38,300	5.9
11	25,850	3.8	19,800	3.1
12	0	—	0	—
13	35,478	5.3	800	0.1
14	0	—	0	—
15	0	—	0	—
16	8,620	1.3	10,400	1.6
17	13,350	2.0	17,200	2.7
18	800	0.1	0	—
19	8,900	1.3	7,300	1.1
20	4,100	0.6	4,000	0.6
21	16,200	2.4	23,300	3.6
22	8,200	1.2	1,900	0.3
23	25,425	3.8	27,800	3.4
24	1,200	0.2	1,600	0.2
25	10,260	1.5	14,200	2.2
26	35,500	5.3	39,700	6.2
TOTAL	674,926	100	643,900	100
VACANCY	24,270	3.6	27,200	4.2

and expanded the provisions of new services such as photofinishing and video rentals. The Superstores are attempting to protect their market share by creating their own image and by expanding their product base to the consumer.

The new format retail phenomenon has begun to fragment the shopping center development industry in the GTA with the evolution of "power nodes." These sites often are held by small development companies, and in a number of cases, the new format retailer is able to purchase the land from the owner and develop the property "to suit." There also has been retro-fitting of selected strip malls in the GTA in order to attract the new format "box" retailer as an anchor. At the regional shopping center level, the 1990's has been a period of increased management and very little expansion. Concerns have centered on maintaining cash flows and keeping vacancies low.

A number of traditional retailers have been forced to change their ways of doing business in order to survive. This has meant becoming more competitive in all areas. As an example, Canadian Tire has adopted the warehouse format in a number of their stores in order to offer wider selection and lower prices, or face the loss of market share and perhaps eventual closure. In other cases, traditional retail chains have opted for larger stores. This trend is pervasive and includes such major fashion retailers as Fairweather, Tip Top Tailors, and Thrifty's and other non-fashion retailers such as Willson Stationery, Bowring, and Grand and Toy.

In general, new format retailers have changed consumer buying patterns and have educated the consumer to demand a wider assortment of merchandise, at lower prices and with improved service. These stores have changed the way people shop and the distances people are willing to travel. Price, quality and assortment have become the key ingredients. New format retailing has polarized shopping in the sense that shopping centers are increasingly perceived as soft goods oriented, while power nodes are viewed as food and hard goods oriented.

Traditional retailers have adapted by developing larger store formats, raising service levels and instituting more cost effective management and inventory systems. At the store level, there has been an increase in training and customer service levels. Many chains now are providing training to all staff members to improve selling standards and customer relations. In the area of technology transfer, Canadian retailing is moving towards EDI (electronic data interchange) as a means of controlling stock and accuracy, while decreasing paperwork. The end result is increased efficiency.

There also has been increased pressure from traditional retailers to negotiate lower prices from their suppliers. Some large retailers are asking suppliers for a buy back option that allows them to return merchandise that is not sold, and pay only for goods as they are sold.

■ Future Trends in Canadian Retailing

New format retail stores are the newest source of innovation and dynamism in the North American retail system - a system that is characterized by competition, volatility, and change. This research has explored the current status of new retail formats in the Canadian market. On the supply side, the evolution of the retail system has increased dramatically over the past five years. In many ways these changes reflect those that have occurred in the United States. However, the reasons for the change, the processes involved, and some of the results vary from those observed south of the border.

The trend toward new format retailing in Canada is not nearly as mature as in the United States. In Canada, shopping center developers have not committed themselves to the construction of power centers or other forms of new formats during the recession. Their focus has been directed toward the restructuring and management of their existing portfolio. As a result, the major impetus for the development of new format retailing has not been led by Canadian shopping center developers but by major U.S. or Canadian retail chains. These power retailers are shaping a new retail structure and hierarchy that is characterized by power destination nodes and large, free-standing, price dominant, value retailers.

Outlet centers, although popular south of the border, have not gained large popularity in Canada. There are no indications that this method of development is favored by retailers, developers, or planning authorities in Canada. Power nodes, small strip centers, and specialized ethnic centers will be the preferred vehicle for retail expansion in our major urban markets for the remainder of the decade.

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▪ APPENDIX

New Format Retailers: The Canadian Experience

Several new format retailers are described below in alphabetical order. Information was derived from a number of sources, including newspaper articles, annual corporate reports, interviews, and market audits.

Aikenheads Home Improvement Warehouse was created by Molson's Malsham Group to be a "full service" warehouse stressing "value, higher levels of customer service and lowest every day prices" (Molson's 1992 Annual Report). This is a Canadian clone of the U.S. based Home Depot. The warehouses are three times larger than the average home improvement center with typical store size 100,000 to 125,000 square feet on 4–5 hectares of land. Each store stocks 40,000 items and anticipates sales of $30 million in the first 12 months of operation. The investment in working capital and fixed assets is $6 million dollars per store excluding the cost of the land and building. Whenever possible this company purchases its locations. Molson's plans to open 9 stores in the GTA in the next 3 years, as well as in Vancouver, where Home Depot is soon to locate.

Two out of the three Aikenheads currently in operation are located close to a Price Club. Collectively, these two retailers form "power nodes," a new feature of the Canadian urban retail hierarchy.

Business Depot is an office products discount retailer owned by Canadian Management and Staples, an American company. Their outlets average 20,000 square feet and the firm currently operates 14 stores in Ontario and Quebec. Their corporate strategy is to lease the land on which they have their stores and re-invest any profits into the purchase of new stores, not real estate. Each store is expected to generate $7 million in annual sales.

Canadian Tire (Canadian Tire Corporation) has adopted an "All-Out-Retail" warehouse concept in response to the opening of Aikenheads. With this new format, they plan to slash costs by 5–6% while still offering their traditional level of customer service. This new format means additional floor area, wider aisles, and more overhead storage to provide more merchandise on the selling floor. They are reducing storage space to make more room for selling, resulting in an average store size of 25,000 sq ft.

In addition, Canadian Tire is testing other new concepts, one of which incorporates an expanded garden centre. Their "focus is to incorporate the optimum merchandise mix and customer service with the latest logistics and information systems to deliver best value and convenience to consumers in a given marketplace" (*Canadian Tire Corporation 1992 Annual Report*).

Canadian Tire allocated $110 million dollars in 1992 to convert 30 stores to "All-Out-Retail." There is some resistance to this trend from dealers.

Club Biz is a low priced office and computer equipment store which opened in East Montreal in April of 1991, and has 35,000 square feet of selling space. The owner is Canadian Irving Ludmer, previously of Steinberg's. Eventual expansion across Canada in planned.

Club Optimata, also owned by Irving Ludmer, is a linens, housewares and luggage warehouse in Montreal which occupies 55,000 square feet. Ludmer's strategy is one of constant control over operating costs and disciplined management.

Costco, owned by Costco Wholesale Corporation of Kirkland, Washington has 13 outlets in Vancouver and plans to move east to Ontario with three locations planned by the end of 1993. Plans may be delayed or modified due to zoning conflicts and their recent merger with Price Club. Costco stores carry 3,500 SKUs in very large quantities and operate in a similar fashion to the Price Clubs. In early June of 1993 Price Club and Costco joined forces in order to increase their market dominance.

Dollar Stores, another concept that is rapidly gaining momentum in the Canadian market, sell small, impulse items. The chain is planning a rapid cross-Canada expansion in order to take advantage of the increase of value-conscious customers. This expansion will result in the addition of 40 new Dollar stores in Canada by the end of 1994.

Eagle Hardware and Garden Centre of Tukwila, Washington is a warehouse store that specializes in hardware, garden supplies and home improvement products. They are planning to expand into Canada in the near future with their first location scheduled for Calgary. These 120,000 square foot warehouses will affect Aikenheads and Canadian Tire by absorbing market share in the increasingly competitive hardware/home improvement market.

Future Shop is a Canadian electronics products company owned by Vycom Electronics Limited with 36 locations in Canada. This store is the first electronic retailer to offer very competitive prices along with a high level of customer service.

Grand and Toy, a Canadian office product and stationery chain, is responding to the increased competitive pressures from the United States by testing the warehouse format. They currently have 42 traditional 4,000 square foot outlets in free standing and shopping center locations within the GTA. Their new format is approximately 12,000 square feet, three times larger than their typical operation.

Home Depot, the U.S.-based home improvement warehouse, plans to start construction in the West with five 100,000 square foot warehouses, to be built in Vancouver over the next 2 years.

Knob Hill Farms, owned by Steve Stavro, is a Canadian retailer that sells primarily groceries but also markets a wide range of other products such as cards, furniture and rugs. The company produced sales of $460 million dollars in 1991, and had 3.3% of the market share. Research shows that stores draw customers from up to an 80 kilometres radius. Knob Hill estimates that it generates $700 per square foot annually, and 70,000 shoppers visit the average store per week. Knob Hill Farms operates the largest grocery store in Canada in Cambridge, Ontario at 340,000 square feet. This store cost $50 million dollars to build and has 1000 parking spaces.

Lewiscraft is a Canadian chain specializing in arts and crafts. The company, whose 74 stores are located in traditional shopping centers, recently has opened its first warehouse-style store. This 12,500 square foot prototype is five to six times larger than the typical Lewiscraft store and stocks twice the number of items in large quantities. This change in format has been, in part, a response to the entrance of Michael's—the craft superstore—into the Toronto market. Lewiscraft is planning to open at least one other superstore in suburban Scarborough.

Loblaws Superstores This Canadian-owned combination food and non-food retailer is owned by the Weston Group. The stores average 80,000 square feet. The Loblaws Companies produce $1 billion in annual sales as a result of their private brand labels and have 24% of the grocery market share. Their target market ranges from the discount shopper to the gourmet chef. Loblaws has introduced new product lines such as photofinishing and greeting cards in order to replace lost sales. Strategically, the company is cutting costs, lowering their break-even points, and designing larger scale stores so as to compete with the new format retailers such as Price Club.

Loomis and Toles, an arts and crafts supply store, is owned by a European holding company, Esselte A.B.. They have two smaller stores in the Toronto area, and have recently opened their first 20,000 square foot superstore in Downsview in response to increased competition.

Michaels of Canada is an arts, crafts and party merchandise store which is jointly owned by its Canadian President Annette Verschuren and Texas-based Michaels Stores Inc. The firm plans to expand across Canada. Their first two 20,000 square foot stores opened in late September 1993 in Oakville and Burlington, Ontario. They plan to expand to more than 20 stores across Canada within 5 years. These stores will compete with both traditional Canadian arts and crafts suppliers, Lewiscraft and White Rose Nurseries and Crafts.

The Office Place is an office products discount retailer owned by Florida-based Office Depot. It entered Canada in 1993. Originally called Office Depot after its U.S. parent, the company was forced to change its name to the Office Place after Business Depot placed an injunction on the company for incorporating "Depot" in its name. This has been a strong competitive weapon on the part of Business Depot since all packaging has had to be re-labelled and advertising postponed until the changes were made. They have over 400 stores in the United States and plan to expand rapidly in Canada. Stores average 19,000 square feet and they currently operate 3 locations in the GTA.

The Price Club, owned by the U.S. Price Company, is a Membership Club that charges customers a small membership fee. Stores sell anything from salad dressing to tires in bulk. Approximately 27% of their sales are generated from grocery items. These warehouses range from 100,000 to 150,000 square feet in size and usually occupy 10–15 acres of land. They require a population threshold of 250,000 to 500,000 residents and tend to locate in industrial zones to minimize land costs and property taxes. These stores are freestanding structures easily accessible from the highway/expressway and have tended to attract other new format retailers to their locations. The parking ratio at these warehouses is usually 7–8 parking spaces per 1000 square feet of store area, compared to 5–5.5 for a regional shopping center. Price Club stores are concentrated in Ontario and Quebec. They only have one store on the west coast and one on the east coast. In June of 1993, Price Club merged with Costco, its main competitor, thus increasing their national coverage. Typically, Price Club works on a gross margin which ranges from 8–12%, compared to 20–28% for a traditional grocery store. Their costs are also extremely low at 7–9% of net sales. Superior profits are generated through high stock turnover (19–21 times per year) and by investing their trade payables. This latter method of maximizing their return-on-investment has been eroded due to substantially lower interest rates over the past 2 years. Productivity is in excess of $1200/sq ft.

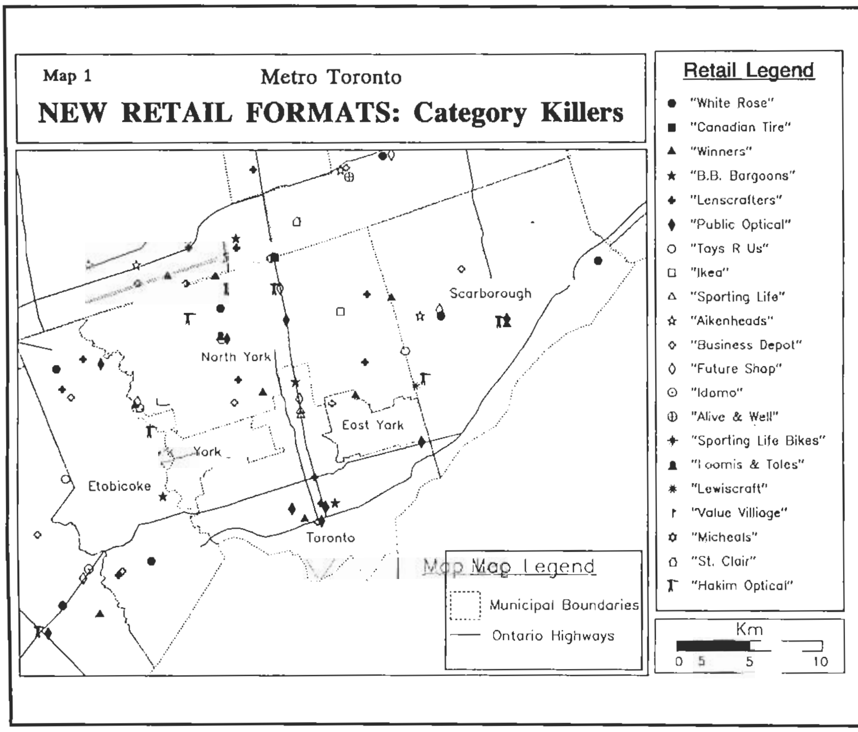
Toys R Us is a New Jersey-based company that prefers warehouse style stores ranging from 30,000 to 40,000 square feet in size. They have 47 stores in Canada, 20 of which are in Ontario. This category killer chooses suburban locations that are adjacent to major regional malls and accessible to expressways. Toys R Us find that many other retailers are interested in complementary development, as Toys R Us is a major retail destination. Where possible they purchase their sites.

Value Village is a 25,000 square foot example of new concept retailing. They carry previously owned household furnishings, clothing, books and toys, and sell this merchandise to the public at very low prices. These stores resemble a discount department store. This is a US concept owned by TVI. There are now 31 locations in Canada. All merchandise found in a Value Village has been purchased from the Canadian Cerebral Palsy Foundation. This is an important source of income for the foundation as all of the products sold are collected through public donations.

Winners is a discount clothing retailer (owned by T.J. Maxx) that specializes in men's, women's, and children's clothing and accessories. These box stores have an average size of 20,000 square feet. The network of 21 stores is confined to Ontario and is expanding rapidly in the GTA. They prefer locations in either strip centers or free standing locations. Plans are underway to build a major distribution center in the Toronto area.

Other retailers that have announced plans to enter the Canadian market are Fays Drugs, Burlington Coats, Payless Shoes, Eagle Hardware, Home Depot, and Comp USA. Speculation exists that major U.S. discount department stores (i.e., Wal*mart, Target) are examining the feasibility of a Canadian network.

A number of other companies, not described above, have been included in this research as new formats although some have been in existence in this market for some years. These have attracted less media coverage though their concepts are often unique and their impacts are felt within their local markets. Several consist of only one store while others are chains. Examples include Ikea, Sporting Life, White Rose Nurseries, Future Shop, and Alive and Well.


Map 1
Metro Toronto
NEW RETAIL FORMATS: Category Killers
North York
Scarborough
East York
York
Etobicoke
Toronto
Map Legend
Municipal Boundaries
Ontario Highways
Retail Legend
"White Rose"
"Canadian Tire"
"Winners"
"B.B. Bargoons"
"Lenscrafters"
"Public Optical"
"Toys R Us"
"Ikea"
"Sporting Life"
"Aikenheads"
"Business Depot"
"Future Shop"
"Idomo"
"Alive & Well"
"Sporting Life Bikes"
"Loomis & Toles"
"Lewiscraft"
"Value Villiage"
"Micheals"
"St. Clair"
"Hakim Optical"
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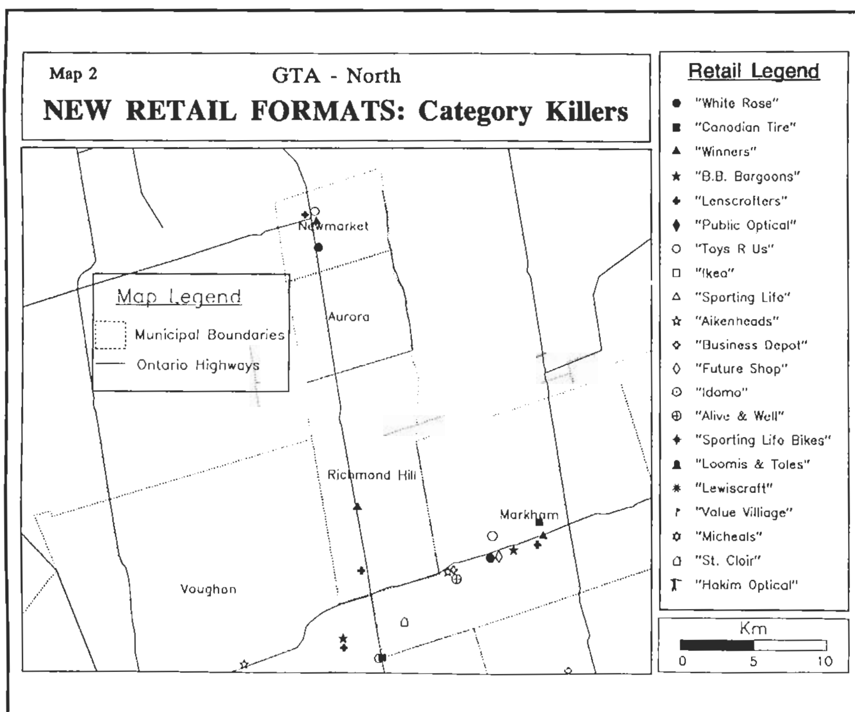
Map 2
GTA - North
NEW RETAIL FORMATS: Category Killers
Newmarket
Aurora
Richmond Hill
Markham
Vaughan
Map Legend
Municipal Boundaries
Ontario Highways
Retail Legend
"White Rose"
"Canadian Tire"
"Winners"
"B.B. Bargoons"
"Lenscrafters"
"Public Optical"
"Toys R Us"
"Ikea"
"Sporting Life"
"Aikenheads"
"Business Depot"
"Future Shop"
"Idomo"
"Alive & Well"
"Sporting Life Bikes"
"Loomis & Toles"
"Lewiscraft"
"Value Villiage"
"Micheals"
"St. Clair"
"Hakim Optical"
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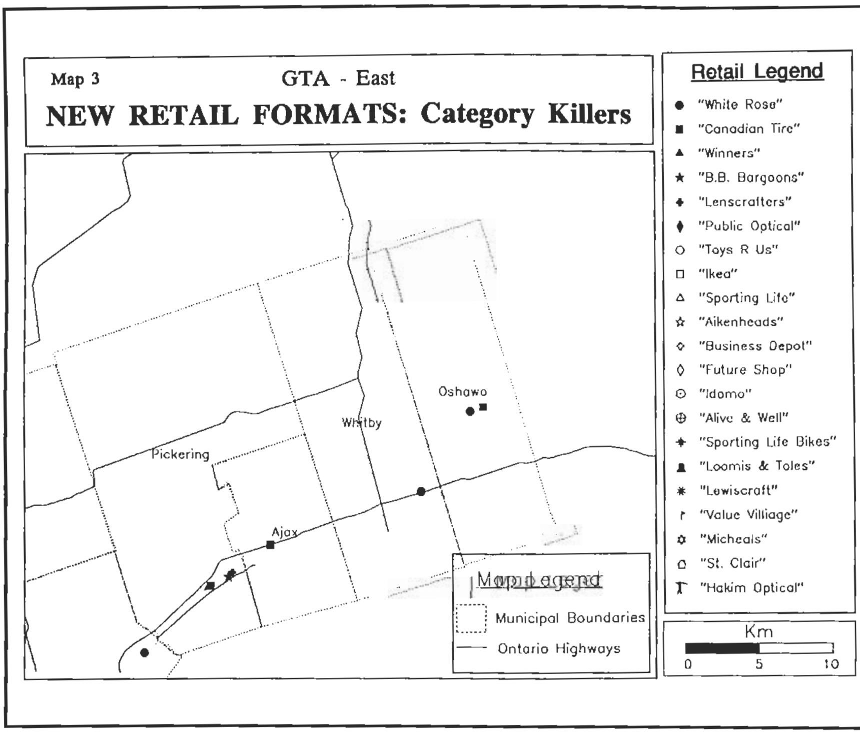
Map 3
GTA - East
NEW RETAIL FORMATS: Category Killers
Oshawa
Whitby
Pickering
Ajax
Map Legend
Municipal Boundaries
Ontario Highways
Retail Legend
"White Rose"
"Canadian Tire"
"Winners"
"B.B. Bargoons"
"Lenscrafters"
"Public Optical"
"Toys R Us"
"Ikea"
"Sporting Life"
"Aikenheads"
"Business Depot"
"Future Shop"
"Idomo"
"Alive & Well"
"Sporting Life Bikes"
"Loomis & Toles"
"Lewiscraft"
"Value Villiage"
"Micheals"
"St. Clair"
"Hakim Optical"
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5
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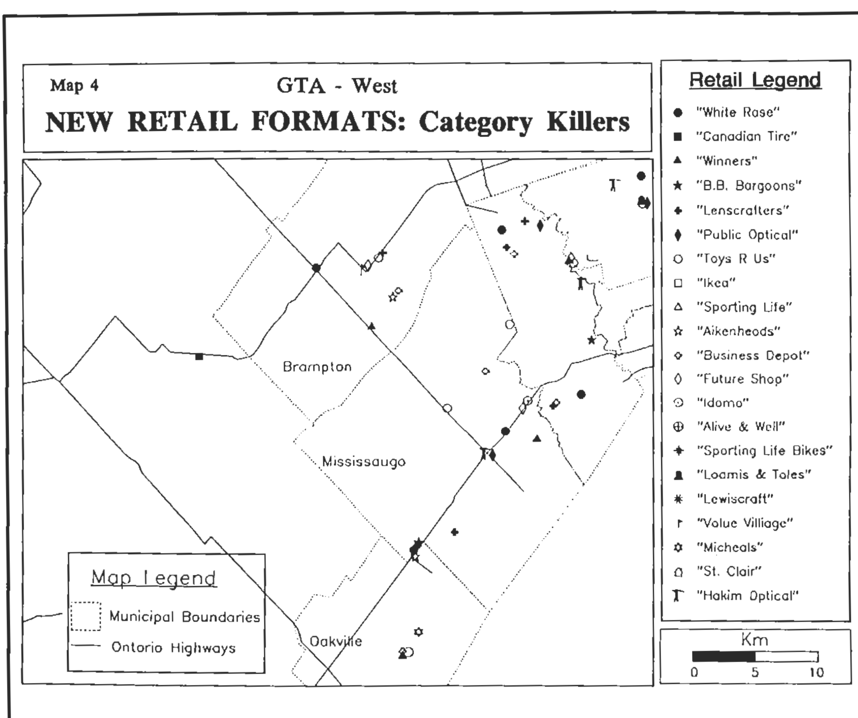
Map 4
GTA - West
NEW RETAIL FORMATS: Category Killers
Brampton
Mississauga
Oakville
Map Legend
Municipal Boundaries
Ontario Highways
Retail Legend
"White Rose"
"Canadian Tire"
"Winners"
"B.B. Bargoons"
"Lenscrafters"
"Public Optical"
"Toys R Us"
"Ikea"
"Sporting Life"
"Aikenheads"
"Business Depot"
"Future Shop"
"Idomo"
"Alive & Well"
"Sporting Life Bikes"
"Loomis & Toles"
"Lewiscraft"
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"Micheals"
"St. Clair"
"Hakim Optical"
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5
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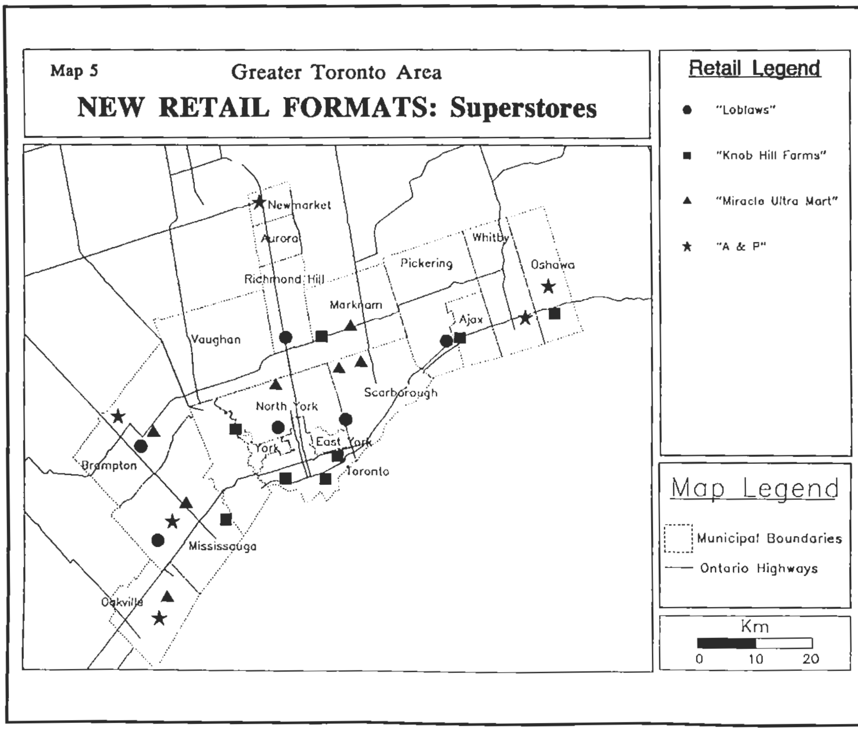
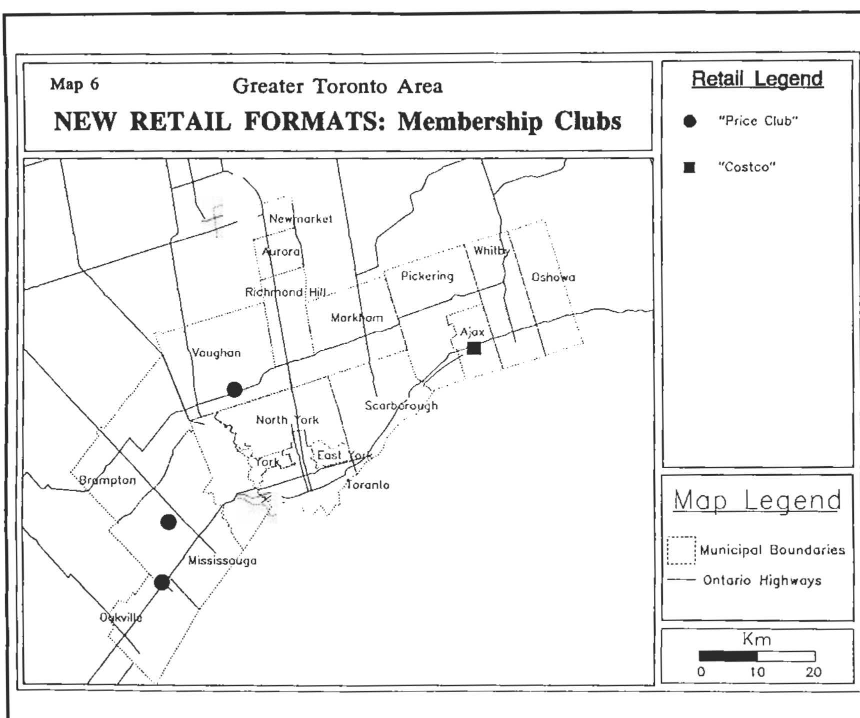
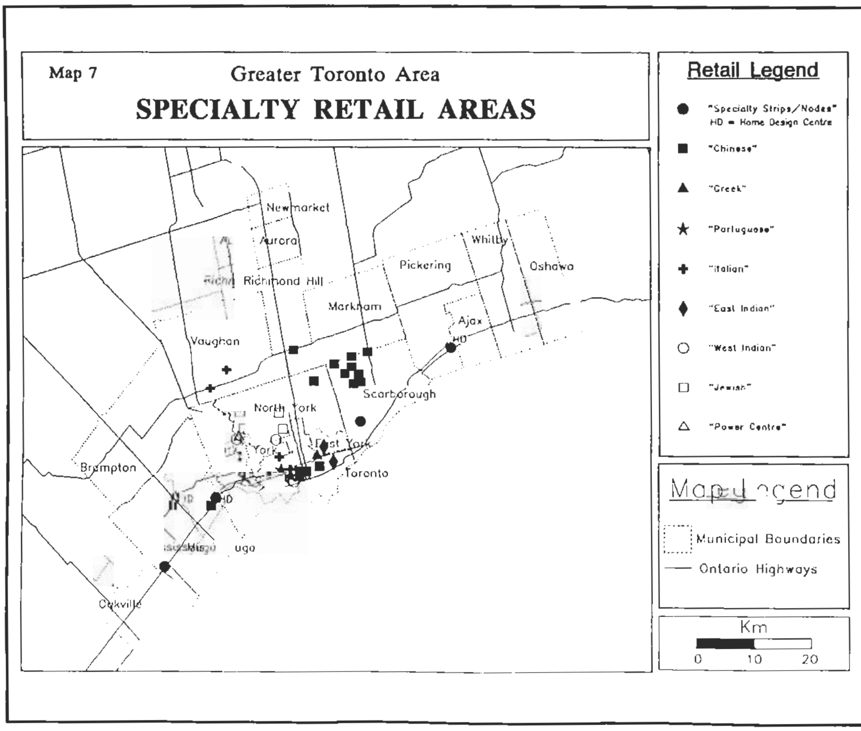

Map 5
Greater Toronto Area
NEW RETAIL FORMATS: Superstores
Retail Legend
"Loblaws"
"Knob Hill Farms"
"Miracle Ultra Mart"
"A & P"
Map Legend
Municipal Boundaries
Ontario Highways
Km
0
10
20
Newmarket
Aurora
Richmond Hill
Markham
Vaughan
Pickering
Whitby
Oshawa
Ajax
Scarborough
North York
York
East York
Toronto
Brampton
Mississauga
Oakville


Map 6
Greater Toronto Area
NEW RETAIL FORMATS: Membership Clubs
Retail Legend
"Price Club"
"Costco"
Map Legend
Municipal Boundaries
Ontario Highways
Km
0
10
20
Newmarket
Aurora
Richmond Hill
Markham
Vaughan
Pickering
Whitby
Oshawa
Ajax
Scarborough
North York
York
East York
Toronto
Brampton
Mississauga
Oakville



■ Acknowledgements

The authors would like to thank the Educational Foundation of the International Council of Shopping Centers for its sponsorship of the this research report. In particular, we are grateful to Dr. John Konarski III who provided us with encouragement throughout the study period and for allowing us to distribute an advance copy of the report to the membership of the Centre of Commercial Activity prior to its formal release by the International Council of Shopping Centres in mid-1994. In addition, we would like to thank Cynthia Ray of J.M.B. Realty in Chicago for her mentorship and professional advice on an earlier draft, Jim Simmons and Mary Jones for their editorial assistance, and Julio Tavares and Marco Biasiotto for their computer cartography. Finally, we would like to make note of the many corporate executives who took the time to answer our questions concerning their retail operations and offered their opinions of the growth of new format retailing in Canada. Thank you all! Ken Jones, Wendy Evans, Christine Smith, January, 1994