RETAILERS

SORIANA, MEXICO

SORIANA: "CITY CLUB" & POWER CENTRE DEVELOPMENT, MARKET, MERCHANDISING & STORE DESIGN INPUT STUDY, TORREON, MEXICO

Soriana, Mexico's leading supermarket & hypermarket chain, is under increasing attack from the recent invasion of "new-wave" competitors such as Wal*Mart, Carrefour and HEB. As a result, in mid-1999, Talbot Consultants International Inc. of Toronto was retained by Soriana to assist them in re-positioning and re-branding their flagship hypermarket store in the San Pedro Plaza, Monterrey, Mexico. Our task was to analyse the existing store and its trade area and then advise Soriana as to how best to re position, re-brand, re-merchandise and re-design the store so that the revitalised store would not only put them back into competition but would provide them with a competitive advantage and return them to their historic role as the dominant Mexican chain. Our store re-branding & re-design recommendations were implemented and the San Pedro store is now the #1 performing store in the chain. As a result our recommendations are also being implemented as a "blueprint" for other Soriana flagship stores elsewhere.

We have recently been tasked to assist Mexico's previously #2 supermarket chain, Soriana, in their on-going battle of losing market share to the recent Hypermarket invasion of Mexico by Carrefour and Wal*Mart SuperCentres and the recent Warehouse Membership Club (WMC) invasion by Sam's Club & Costco. As a result we are currently redeveloping Soriana's Hypermarket chain and assisting them in developing their own WMC to be known as "City Club". We have also been tasked to assist Soriana in the development of lands adjacent to existing Soriana Hypermarkets for typical North American "Big Box" Power Centres to be anchored by a "City Club". We have just completed the first such project in Torreon, Mexico and the 100,000 sq. ft. Torreon "City Club" is now under construction as the first retailer in a +/- 31 acre Power Centre development of +/- 300,000 sq. ft adjacent to the existing Soriana Hypermarket on Ave. Revolution.

SHOPPERS DRUG MART

SHOPPERS DRUG MART, CANADA-WIDE STORE ANALYSIS & NEW CONCEPT STORE DEVELOPMENT

Shoppers Drug Mart is one of Canada's largest retail chains with nearly 1,000 stores. Last year we were retained to conduct a detailed analysis of all their existing stores and to provide recommendations for the optimisation of existing store operations as well as to provide input into the development of their new "next generation" store concept including the introduction of a significant cosmetics department and a convenience food department. At this point we have completed four phases as follows:-

Phase 1:- Data Gathering & Integration
This initial phase commenced with a one day workshop with senior Shoppers Drug Mart executive staff and the in-house analysts to obtain a through understanding of their current "in-house" methodologies and their most recent "out-house" consultant studies so as to avoid any duplication of effort and ensure a "seamless" transition to our assignment. Shoppers Drug Mart store database.

Phase 2:- Presentation GIS:- Acquisition, Customization & Implementation
In Phase 2 we were required to acquire & customize five copies of MapPoint that could be utilized by Shoppers Drug staff "in-house" with minimum "out-house" involvement by us. Our Phase 2 tasking therefore was to acquire the five copies of the MapPoint software, carry-out the required
customization (i.e. mapping all Shoppers Drug Mart Stores and all relevant competitors, including department stores & supermarkets with pharmacy, Canada-wide) and conduct the "in-house" training process. The objective was that Shoppers would have a "user friendly" presentation GIS (both software & database) that could be utilized by their staff with minimal training and/or input by us.

Phase 3:- Chain Wide Market Potential Analysis
In this phase we utilized the data gathered in the first two phases to conduct a market potential analysis of each of the three major departments (i.e. Scripts, Cosmetics & Front Store and, where applicable, the Convenience sub-department of Front Store) for all stores chain-wide. The resultant template was provided in MapInfo format for all DAs in Canada. Our methodology was based upon the following data :-

Scripts:
a. Health Watch Data (counts and dollars by   Province).
b. Age Groupings.
c. National RX potential by Province.

Cosmetics:
a. CSP Cosmetics potential.
b. Shoppers Drug Mart Cosmetics sales dollars by store and by DA.

Front Store:
a. CSP potential for Front Store & Convenience.
b. CSP potential for "core" & "other".
c. Shoppers Drug Mart Front Store sales by Front Store & Convenience (sales dollars by store & DA).
d. Shoppers Drug Mart Front Store sales by "core" & "other" (sales dollars by store and DA).

Phase 4:- Pre & Post New Format Stores Trade Area Analysis
In Phase 4 we were tasked to conduct a GIS based analysis of the trade areas of the thirty-five new format Shoppers Drug Mart stores across Canada and compare them with each of the former old format stores so that the impact of the new formats could be quantified. In each case we were required to analyse the three major departments (i.e. Front Store, Cosmetics & Scripts). This project was conducted in three tasks for both the new format and old format stores as follows:-
Task 1:   Distance Decay Curve
Task 2:   Drive Times Analysis
Task 3:   Trade Area Demographics (i.e. population, income & ages).

As a result of our recommendations Shoppers Drug has become one of Canada's most successful retail chains with a recently reported profit increase of more than 22%.

Higher Sales Boost Shoppers Drug Mart

Canadian Press (18 July 2007)

Shoppers Drug Mart Corp. could start looking a little bit more like a tiny supermarket as the company watches sales of its non-prescription drug products increasingly drive profits, and makes plans to expand its position in both food and beauty products. Executives at the company outlined plans on Wednesday to expand focus on both food and beauty products as front-of-store sales contributed to second-quarter profits, which were up 18.9 per cent to $112 million.

In the quarter front-of-store sales, considered non-pharmacy products, grew at a rate of 9.3 per cent to $1.023 billion from $936 million in the comparable period. The profit drivers have encouraged the company to move further into both food and beauty in the coming quarters, president and CEO Jurgen Schreiber said in an earnings call. About 330 Shoppers locations offer an expanded food selection, which makes the traditional store look more like a mini supermarket.

The company boosted its second-quarter net income to $112 million from $94.4 million in the comparable period of 2006 as it benefited from strong sales growth across the country. Revenue rose to $1.9 billion in the three months ended June 16, up nine per cent from the second quarter of 2006 when revenue was $1.8 billion. Prescription sales were on the upswing, jumping 8.8 per cent in the quarter ended June 16, to reach $905 million. On a same-store basis prescription growth was up 5.4 per cent.

Shoppers opened 23 new stores in the quarter, broadening its retail space by 11.4 per cent. Aside from food, the new space has also gone to growing the presence of its beauty boutiques which have signed deals to carry major department store brands like Clinique.

SOBEYS

SOBEYS INC., MARKET RESEARCH, NETWORK PLANNING & CUSTOMER PROFILING, ONTARIO.

Sobeys Inc. was the dominant supermarket chain in Atlantic Canada and was interested in expanding across Canada. As a result of our work with their affiliated shopping centre division (Atlantic Shopping Centres) and their parent company (Empire Company) Talbot Consultants was initially retained to provide market research to Sobeys as they contemplated entering the Ontario market. During this initial phase we conducted market demand studies and carried out licence plate surveys of the major competitors to quantify existing supply and thus determine the market "gaps" and opportunities. Based on these analyses we were then able to recommend the optimal initial store locations. We were then retained to set up a customer database f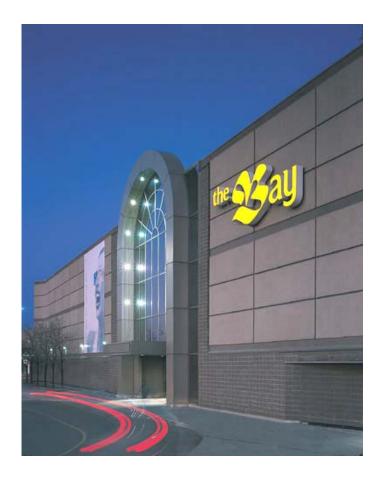or these Ontario stores and then analyse it to assist the client in better understanding those market segments that they were currently attracting and those they were not. We then carried out a similar analysis for their major competitors as well as potentially synergistic retailers. The deliverable was a recommended direct marketing "action plan" for each store that would enable them to "grow" their market share. The project concluded with a "live" on-screen workshop for all Ontario executives and store managers during which we reviewed the market forces and recommended marketing strategies on a store by store basis. Sobeys Inc. is now Canada's second largest grocery retailer and food distributor. The company owns or franchises more than 1,300 stores in all 10 provinces under retail banners that include Sobeys, IGA extra, IGA and Price Chopper.

HUDSON'S BAY COMPANY

HUDSON'S BAY COMPANY LIMITED, KMART ACQUISITION ANALYSIS, CANADA.

   After conducting a demonstration of our GIS techniques to the President and senior executives of the Hudson's Bay Company, we were immediately retained to provide a detailed analysis of the potential and impact of Hudson's Bay purchasing Kmart Canada. The project was extremely fast tracked and required extensive computer modelling and mapping of not only the Kmart stores across Canada but also Zellers, Wal*Mart, The Bay, Sears and Eaton's.   During the analysis we were required to work extremely confidentially with the senior executives of both The Bay and Zellers. At the conclusion of the project our conclusions and recommendations were accepted by The Bay and in 1998 they purchased all 128 Kmart stores at a price in excess of $240 million. In a recent comparison analysis it was determined that, at the end of the first year after the acquisition, the total sales achieved by the combined Zellers & Kmart stores were within 3% of our projections.

HOME OUTFITTERS

HOME OUTFITTERS NATIONAL NETWORK CLUSTERING PROJECT

Home Outfitters is Hudson's Bay Company's kitchen, bed and bath specialty superstore chain. Home Outfitters is Canada's fastest growing specialty store chain. There are 45 Home Outfitters stores across Canada. Talbot Consultants International Inc. conducted a national clustering analysis for Home Outfitters. We divided the store network divided into clusters based on a number of key non-controllable variables. Once completed, meaningful benchmarking and performance evaluation were prepared for store subsets on a per cluster basis.

Trade area demographics form the key set of market level measurements and as such were run for the entire Home Outfitters portfolio. Given the destination draw of a Home Outfitters we recommend that both the primary and secondary trade areas be utilised.

Phase 1 of the study consisted of all steps required to produce current, consistent and accurate demographic reports for Home Outfitters portfolio.

PHASE 1 OBJECTIVES

Utilised Point of Sale (POS) customer data to:

1. Finalise a Home Outfitters trade area methodology.

2. Finalise contents of The Home Outfitters trade area template.

3. Delineate Primary & Secondary trade areas.

4. Run trade area demographic reports for all Home Outfitters stores.

RÉNO-DÉPÔT & BUILDING BOX

RÉNO-DÉPÔT INC., STORE NETWORK PLANNING & FEASIBILITY STUDIES.

We were initially retained to assist this corporation with developing its "flagship" Réno-Dépôt home improvement chain. (Réno-Dépôt is the Québec "twin" of Home Depot). Our original tasking involved developing an extensive customer database and then analysing it utilising the latest GIS (Geographic Information System) techniques to determine the economic feasibility of potential locations throughout the Province. The results were presented in a series of executive level "live" on-screen workshops to assist the various corporate teams with determining their merchandising, marketing and store network strategies.

We were then retained, on an on-going basis, to regularly monitor their existing stores, and their competitors, in order to ensure that Réno-Dépôt continues to increase its market share. The results were impressive. Réno-Dépôt stores generated revenues & profits significantly higher than Home Depot's Canadian stores.

As a result of its impressive performance Réno-Dépôt was acquired by Castorama (France), Europe's leading home improvement "big-box" chain and then acquired again by Kingfisher (UK), the parent company of B&Q, Britain's leading home improvement "big-box" chain. In 2003 the chain was offered for sale by Kingfisher and Talbot Consultants was retained by Canada's Competition Bureau to analyse the competitive impact of an offer to purchase from Rona. Our analyses & recommendations were accepted and the chain quickly purchased by Rona.

THE BRICK

THE BRICK

Talbot Consultants International Inc. undertook the analysis for a store network expansion for The Brick's furniture and appliance store chain. The Brick is Canada's largest volume retailer of home furnishings, bedding, appliances, televisions, video recorders and stereo equipment under one roof. A trade area and market penetration analysis was conducted across Canada for its 42 stores. The study assessed the different merchandising configurations and market opportunities and the "cannibalisation" impacts on other Brick stores. The study concluded with the prioritization of specific locations for expansion opportunities together with merchandising and design recommendations.

Talbot Consultants International Inc. was then retained to develop an internal Geographic Information System so that The Brick could better understand the overall Canadian market at the micro level generally and the assess the comptetitve market share, including any impacts flowing from the arrival of U.S. "big box" formats.

CANADIAN TIRE

CANADIAN TIRE, SALES PREDICTION & STORE NETWORK MODEL, CANADA.

We were retained to review the operation of 100 Canadian Tire stores in Ontario and then put together a Geographic Information System based retail model to assist Canadian Tire in making store location, configuration, merchandising and promotional decisions for their 420 store network across Canada. Our model successfully projected existing & new store sales within 10% of actuals and is now being utilised by them for projecting new store sales and assessing network impacts.

CANADIAN TIRE PETROLEUM, GAS BAR SALES PREDICTION MODEL, CANADA.

Immediately following the Canadian Tire store project (above) we were then retained to develop a Geographic Information System to assist Canadian Tire Petroleum in projecting gas, convenience and other services sales volumes. The tasking was later expanded to include assessing the potential for adding various ancillary components to the existing gas bars including convenience stores, car washes, lube facilities etc.

CANADIAN TIRE ADVERTISING, DIRECT MAIL DISTRIBUTION ANALYSIS, CANADA.

In 1995 we were retained to develop a Geographic Information System (GIS) based direct mail distribution system that links Canadian Tire sales with those demographic lifestyles across Canada that have the greatest propensity to buy from Canadian Tire. The object was to ensure that the 1995 advertising budget was optimised by ensuring "the biggest bang for the buck". Our first task was see if we could assist them in better targeting their annual catalogue mailings. Up until 1995 they had mailed in excess of 10 million catalogues per mailing utilising a "shot-gun" approach from coast to coast. Through the use of GIS we were able to match their sales to demographic "lifestyle clusters" by six digit postal code (zip code). They were very surprised when we were able to show them that in fact the majority of their sales came from a very small number of "lifestyle clusters". We therefore recommended that they restrict their 1995 catalogue mailing to only those "lifestyle clusters" that were most likely to shop at their stores. This resulted in a drop of 4 million addresses for a final 1995 mailing list of approximately 6 million. This significant drop in catalogue production and mailing costs produced an immediate short term bottom line benefit but, more importantly, the resultant sales showed a 5% increase thus indicating the long term benefit of target marketing. The client was so impressed with the results that we were then retained to set up a GIS and train two of the advertising department staff as the GIS operators

GOVERNMENT OF NOVA SCOTIA, LIQUOR CONTROL COMMISSION, HALIFAX, N.S.

Talbot Consultants International Inc. was retained to assist the Nova Scotia Liquor Commission in re-developing it's store network planning for the Halifax/Dartmouth area. Phase I of the project involved consumer surveys at 28 stores, the generation of distance decay charts and primary and secondary trade area mapping for each store utilising our "leading-edge" Geographic Information System (GIS). The trade areas were then overlaid on the thematic GIS mapping of Halifax/Dartmouth's alcoholic, beverage, beer, cider and wine consumer expenditure potential to determine store cannibalisation. Phase II of the project involved utilising the GIS to match the consumer research with the geographic distribution of the key lifestyle patterns on a neighbourhood by neighbourhood basis. The project concluded with a recommended store network and store by store merchandising mix that matched the identified wants and needs of each individual neighbourhood's trade area.

BREWERS RETAIL INC.

BREWERS RETAIL INC., CORPORATE RESTRUCTURING, ONTARIO.

At the request of Hugo Powell, (then President of Labatts but now CEO of Interbrew) we were retained by Brewers Retail Inc. (BRI) to conduct a detailed three phase "in-house" study to assist them in re-vitalising their corporate structure and the 470 store chain. The first phase involved in-depth research into each corporate division and then preparing recommendations for the president and his senior executives. Regular team co-ordination meetings were required as were periodic briefings for senior executives of the two majority shareholders Labatts and Molsons. One of our key recommendations from the first phase was the requirement for BRI to immediately review their existing store network, store design, store merchandising and staffing. The second phase therefore involved us reviewing the entire store network, setting up and administering detailed consumer research and selecting and supervising store, corporate logo and packaging designers. Our resultant recommendations from this phase then led into the third, and final implementation, phase. This required us to recommend suitable retail designers, generate a short list for client interviews and then work with the selected designer (Shikatani Lacroix) to recommend a new logo, new store designs and internal merchandising plans. Our final task in the third phase was to develop an in-house Geographic Information System (GIS), download all our project data and set-up and train a market research & analysis department so that all future research and analysis could be carried out by BRI themselves.

LIQUOR CONTROL BOARD OF ONTARIO

LCBO, ONTARIO, CANADA

The LCBO is the largest single retailer of beverage alcohol in the world, buying wine, spirits and beer from more than 60 countries for Ontario consumers and licensees. To provide this service, the LCBO operates 5 regional warehouses that supply over 600 stores across Ontario. Through this integrated distribution and retailing network, some 6,500 quality products are available to consumers, including wine, beer, spirits, coolers and accessories. The LCBO also operates VINTAGES, which offers consumers a wide selection of fine wines and premium spirits.

The LCBO seeks to increase sales and enhance customer service by continuing to improve itself in every way possible including upgrading, relocating and adding new store locations. The decision to move forward with changes to the store network is based primarily on sales forecasts. Currently the LCBO conducts a comprehensive site characteristics study for store development purposes, elements of which are used in a sales forecast model. A recent review of these forecasts revealed acceptable overall results for the first year out. However, improvements at forecasting sales for each of the product categories for one year out and beyond are required.

The task of Talbot Consultants is to develop a sales forecast model to ensure LCBO stores have the right product mix. The output of the forecast model could in turn be used in the development of another model to determine the amount of space (square feet, linear feet and/or cubic feet) required to accommodate each product category. Both models are to be fact based. The LCBO will have ownership of the models and the ability to use, maintain, and update the models as required. Both models are to be fully documented and include detailed instructions that will enable the LCBO to support and maintain the tool.