An Overview Of The Canadian Retail Clothing Market

Industry Canada Industrie Canada

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Prepared for Industry Canada
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Industry Canada Industrie Canada

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Section I - Introduction and Purpose of the Study

The following report prepared for the Clothing Division of Industry Canada is an overview of the current status of the Canadian retail apparel market. The objectives of the report are:

- To overview the market size and recent growth rates of the Canadian clothing market.
- To profile the major retail apparel organizations.
- To identify the largest retailers and the degree of retail market concentration.
- To profile recent merchandise mix trends and current patterns by channel of distribution.
- To describe the current use of technology by Canadian apparel retailers.
- To speculate on the short term future for the Canadian retail apparel market.

The sources of information for this report are:

- The most current annual reports of Canada's publicly held apparel retailers.
- Information from the Canadian Apparel Market Monitor program.
- Statistics Canada
- Sections IX and X were authored by Constantine Campanaris of Apparel Management Insights, a leading consulting firm specializing in apparel retail technology.
- 1994 Directory of Retail Chains in Canada published by Monday Report on Retailers
- Interviews conducted with fifteen Canadian retailers and manufacturers

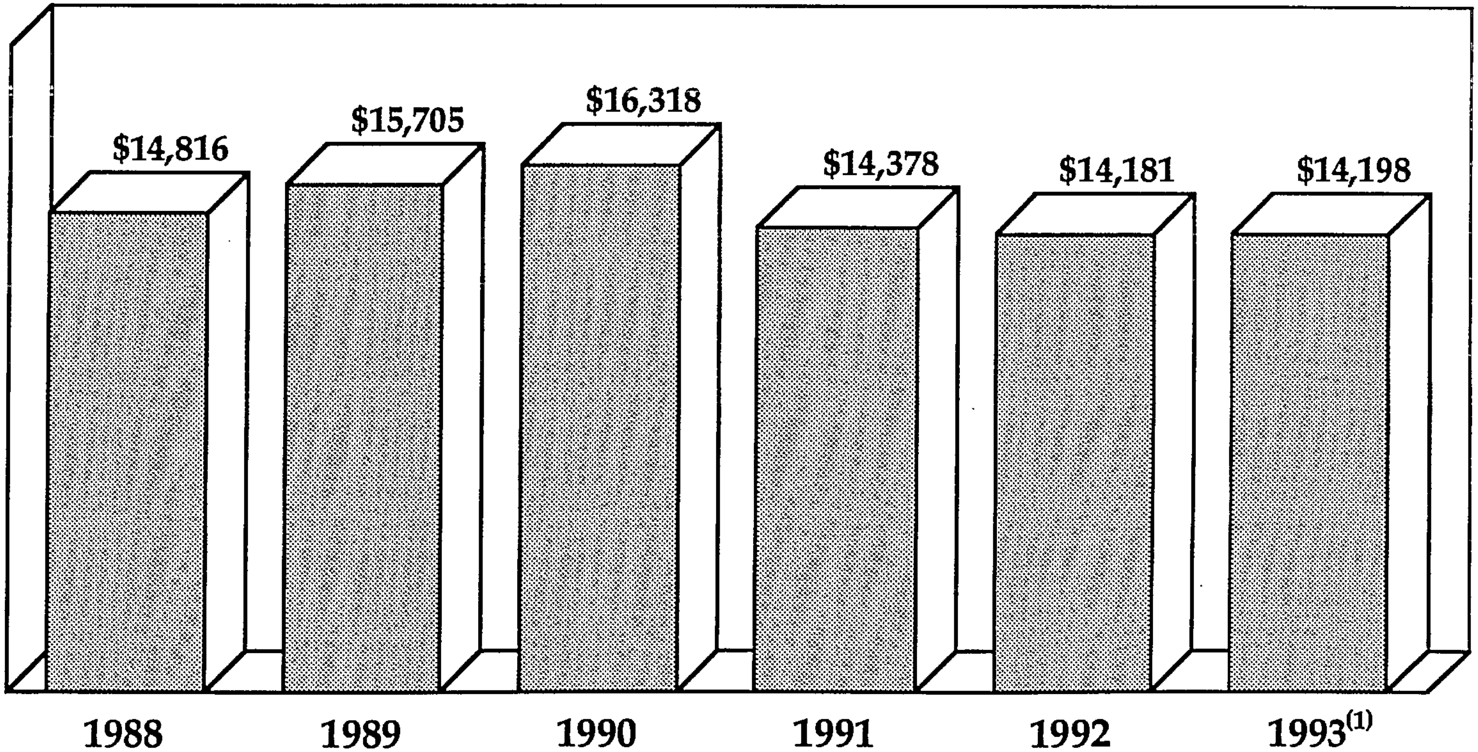
Questions concerning this report should be directed to Randy Harris of Kormos, Harris and Associates at (419) 531-1366.

Section II - Market Size and Historic Growth Rates

In 1993 the Canadian clothing market was estimated to be $14.2 billion dollars at retail, which was unchanged from 1992 sales levels. The high point of Canadian retail apparel sales was 1990 when the retail market was estimated to be $16.3 billion.

TOTAL APPAREL

Retail Dollar Sales ($000,000)



Percent Change Previous Year	(+5.3%)	(+6.0%)	(+3.9%)	(-11.9%)	(-1.4%)	(0%)

110-4 *(1) October 1992 - September 1993*

With the exception of infant's apparel all segments of the retail clothing market have decreased by approximately the same percentage in retail sales since the high point in sales in 1990. The decrease in sales has been almost equal to the combined value of the GST and various PST's which were levied in 1991. The effect of this decrease has been that a number of both retailers and suppliers have either gone out of business or are in bankruptcy protection including:

Retailers - Town and Country, Steel, Woodwards, Creeds, The Dream Shop, Grafton Fraser, etc.
Suppliers - Etac, Tag Apparel Group, etc.

CANADIAN APPAREL MARKET

Estimated Retail Dollar Sales (000,000) (1)

Segment (3)	1990	1991	1992	1993 (2)	% Change '93/''90
Women's	$9,388	$8,134	$7,890	$8,040	-14%
Men's	$4,718	$3,930	$4012	$3,951	-16%
Boys'	$929	$806	$817	$788	-15%
Girls'	$1,060	$982	$923	$920	-13%
Infant's	$517	$525	$540	$500	-3%

(1) Does not include the following purchases:

- *Sales of accessory items (e.g., belts, scarves, hats, ties, etc.)*
- *Sales to non-Canadian residents in Canada*
- *Cross border purchases made by Canadian residents*
- *Sales in the Yukon or Northwest territory*

(2) October 1992 - September 1993
(3) See appendix for size definitions

Beginning in 1986, the growth rate for the retail clothing specialty store segment has registered continuing decreases with the largest single yearly decrease being reported in 1991.

RETAIL CLOTHING STORE SALES

Millions of Dollars

Year	Total Clothing Store Sales	Percent Change Year Earlier
1986	$8,400	+10.0%
1987	$9,125	+8.6%
1988	$9,639	+5.6%
1989	$10,005	+3.8%
1990	$10,093	+0.9%
1991	$9,160	-9.3%
1992	$9,242	+0.9%

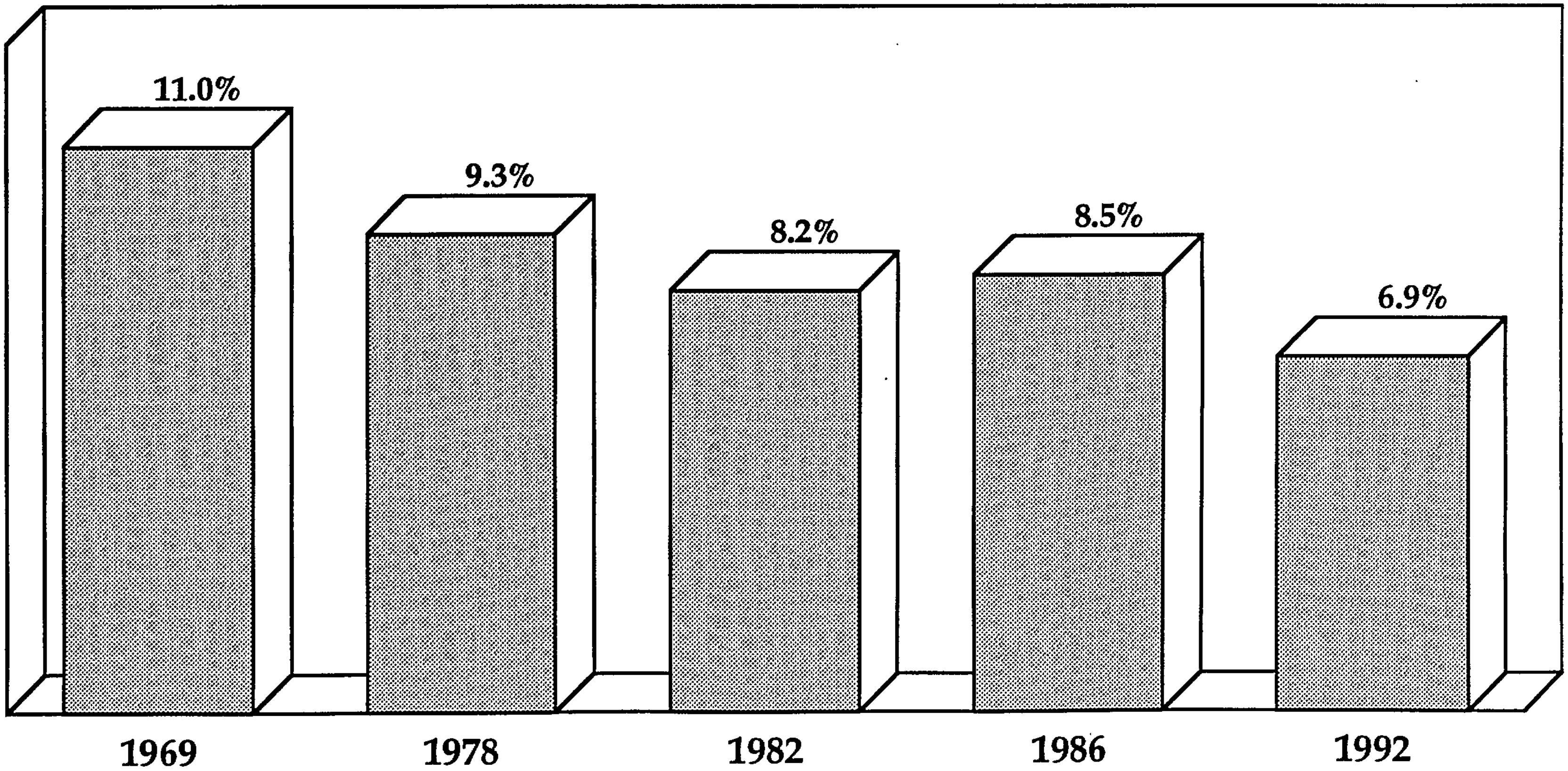
Source: Canadian Economic Observer

110-41

Since 1969 clothing as a percentage of total household expenditures has fallen. The large percentage decrease from 1986 to 1992 is attributable to an increase in both housing costs and taxes over the same period.

TOTAL APPAREL SALES

Clothing as a Percentage of Total Household Expenditures



Source: Statistics Canada, Survey of Family Expenditures (1992)

110-69

There are a number of explanations offered for the continued poor performance of the retail clothing market since 1990 including:

- The onset and a continuation of a consumer recession which resulted in fewer people working
- The imposition of the GST and various provincial and metropolitan area taxes
- An increase in home mortgage costs resulting in less disposable income
- An increase in cross border shopping
- An increase in the amount of casual wear worn both at the office and at social gatherings
- A lack of new fashion items in the market
- Apparel as a category falling on the consumer's priority list while other items (e.g., CD players) have increased in importance
- Consumer's becoming more price conscious and trading down from one channel of distribution to another

Currently the situation of the Canadian retail apparel market can be described as follows:

- The consumer demand for retail apparel is showing signs of only modest growth.
- In addition to the status of the economy negatively effecting the demand for apparel, the trend towards wearing more casual clothes at work is resulting in less dollars being spent on apparel.
- The Canadian consumer is becoming much more price/value conscious and therefore is trading down in terms of channels of distribution and price segments.
- In order to stimulate demand, promotional activity is increasing especially in apparel specialty chains.
- As the consumer becomes more price sensitive, retailers are being forced to lower their cost of doing business often at the expense of manufacturers. The net result is that at best both apparel retailers and manufacturers are making minimum profit margins.
- In order to maximize their profit margins apparel retailers are increasing their level of imports and their private label programs.
- Because of the increase in casualwear sales cotton is increasing in importance at the expense of wool.
- Although cross border shopping has recently significantly declined, Canadian consumers are becoming increasingly aware of United States brand names and retailers.

- Currently there seems to be a stabilization in the number of independent specialty stores as most of the marginally profitable ones went out of business from 1991 - 1993.

- There is five-fold concern on the part of Canadian apparel manufacturers that:

  - Retailers will continue to demand higher margins from their suppliers

  - Retailers will continue to develop private label programs using off shore resources

  - Retailers will wait longer to place their orders

  - Additional Canadian retailers will go out of business

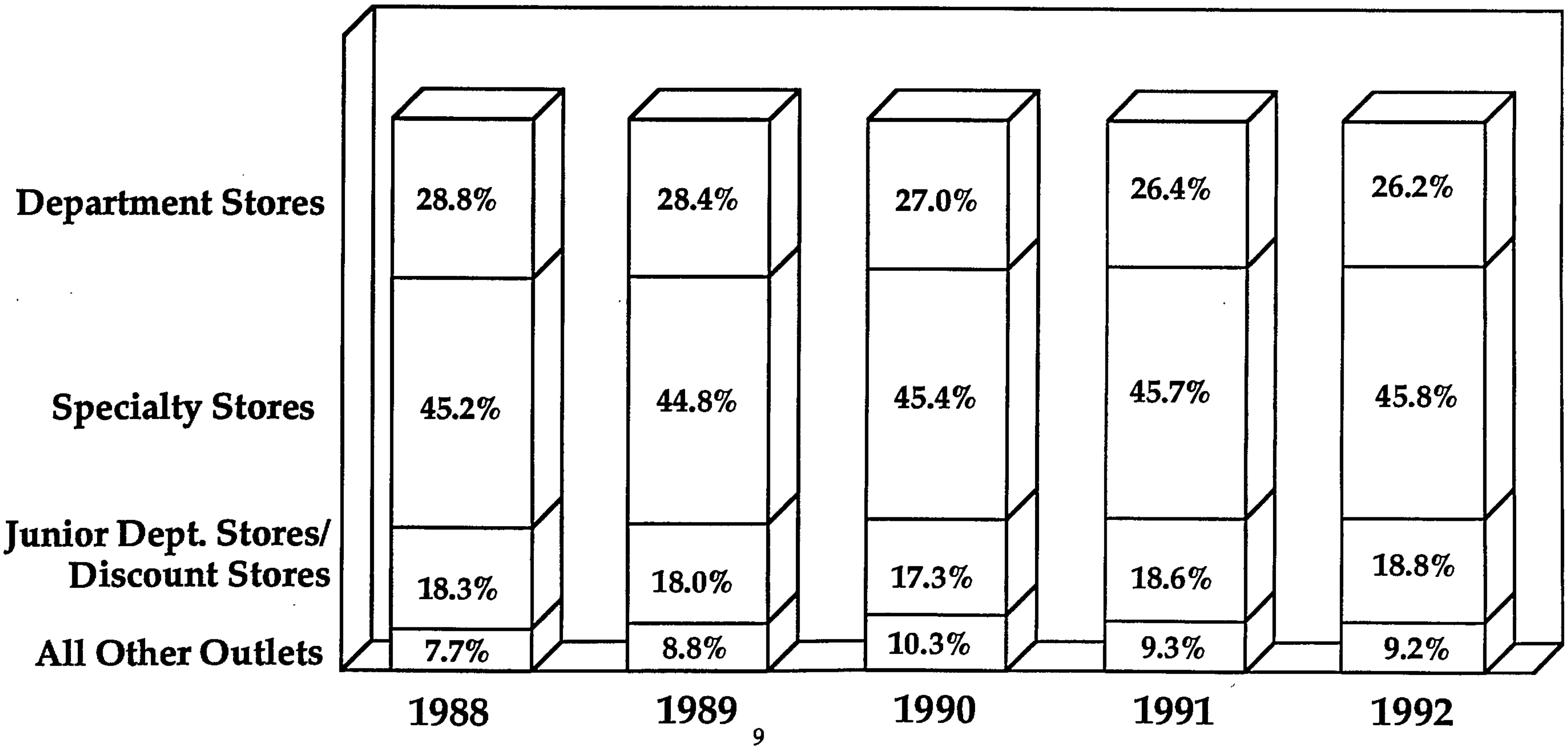
  - American retailers with no loyalty/commitment to the domestic supply base will continue to enter the market

Section III - Retail Channels of Distribution

Apparel specialty stores account for almost half of retail clothing sales and have been able to maintain their market share over the past five years. Since 1988 department stores have been constantly losing market share. Since the outset of the recession, discount stores have been gaining market share while the share of the "all other outlets" peaked in 1990.

TOTAL APPAREL
Retail Dollar Market Share

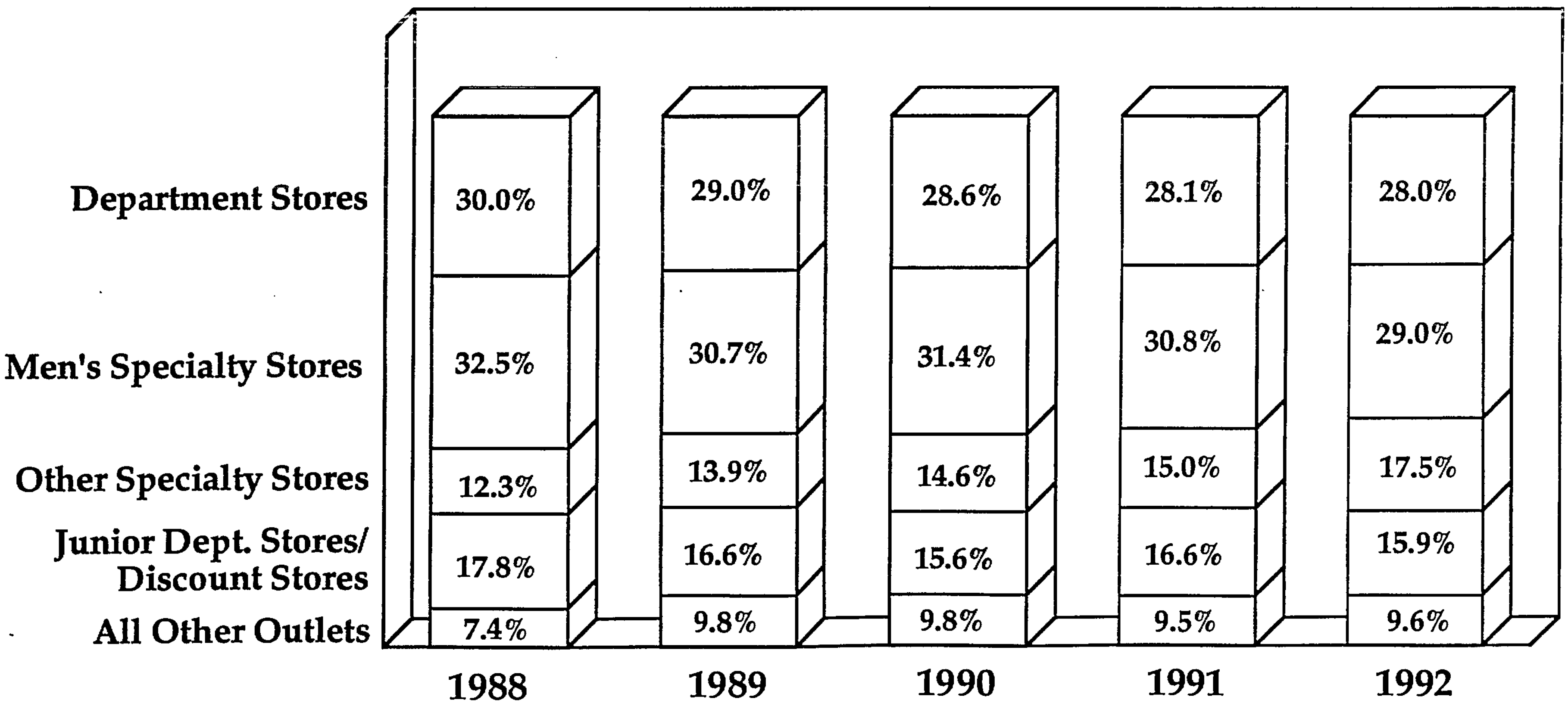
Retail Channel



Although men's specialty stores are the largest channel for men's apparel sales, the channel has lost market share of the total men's apparel market since 1990. This loss in market share is attributable to the large drop in men's suit and sport coat sales in independent men's specialty stores. Also contributing to the men's specialty stores loss in market share were the growth of the denim oriented unisex specialty stores and the bankruptcies of a large number of independent men's specialty stores.

MEN'S APPAREL

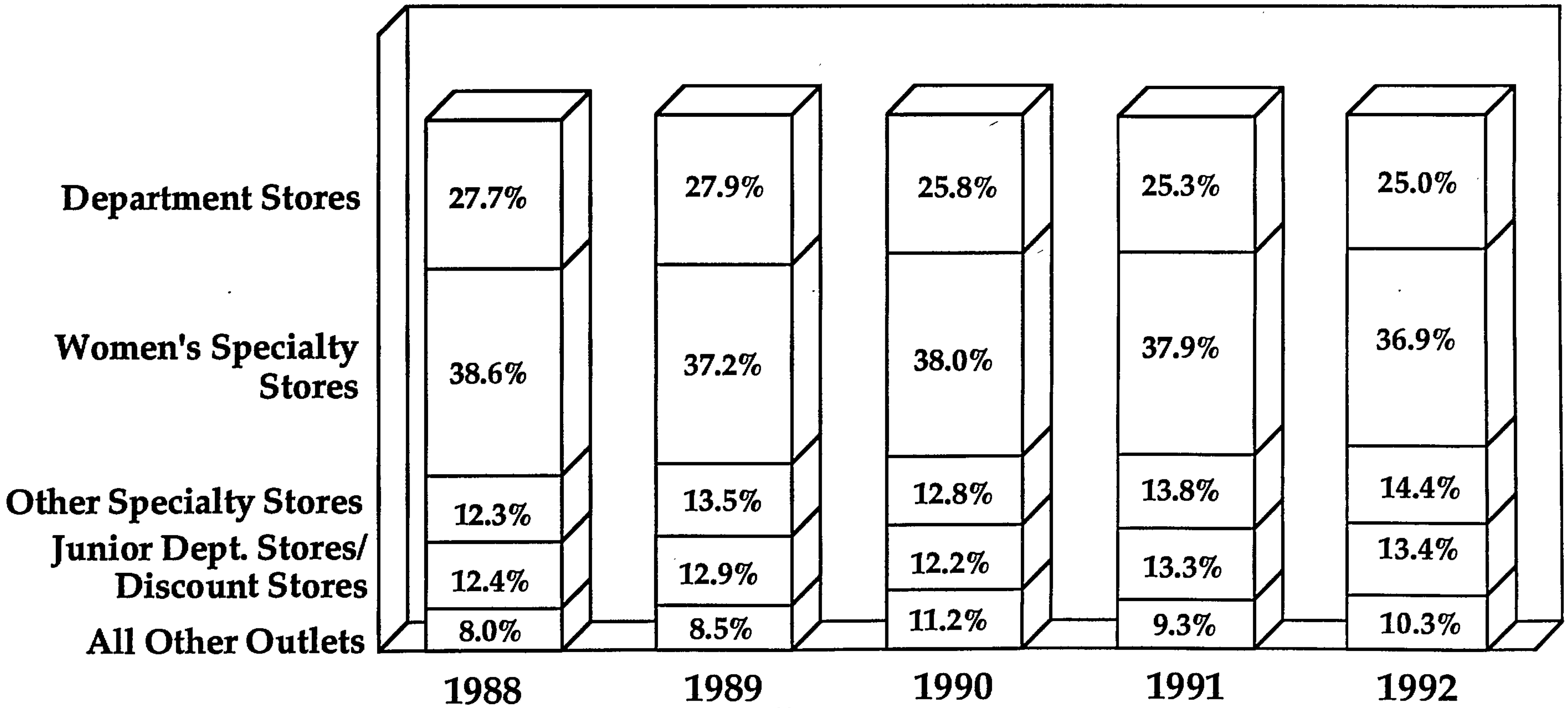
Retail Dollar Market Share



Women's specialty stores (both the chains and independents) are the largest channel (36.9%) for women's apparel followed by department stores. Since 1990 the women's specialty stores have lost share to the multi-gender or unisex specialty stores.

WOMEN'S APPAREL

Retail Dollar Market Share

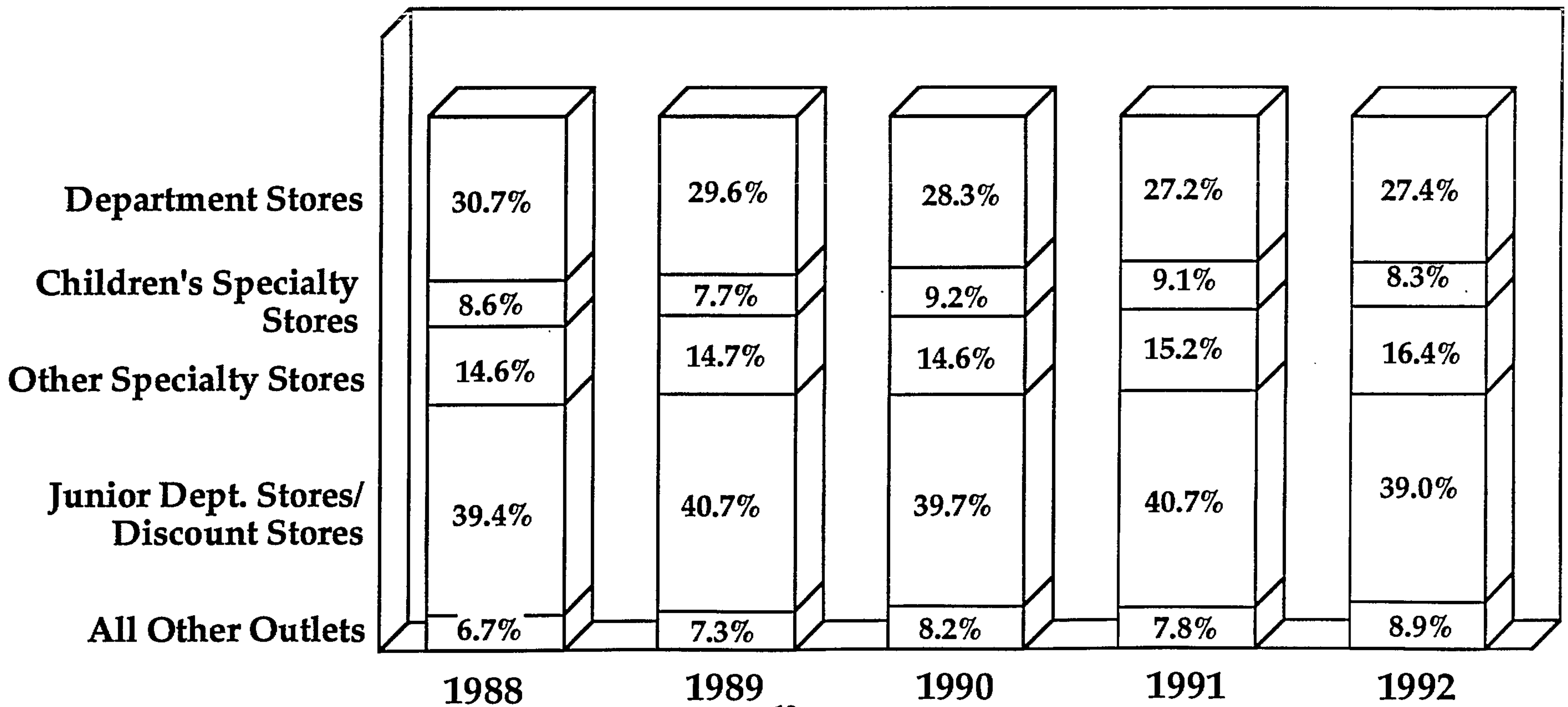


110-8

Discount stores is the dominant retail channel for juvenile apparel. However, as a group, discount stores since 1988 have been unable to continually increase their market share. The department stores were the clear loser in the juvenile market from 1988-1991 but beginning in 1992 the department stores adjusted their prices to make them more competitive with the discount stores.

TOTAL JUVENILE APPAREL

Retail Dollar Market Share

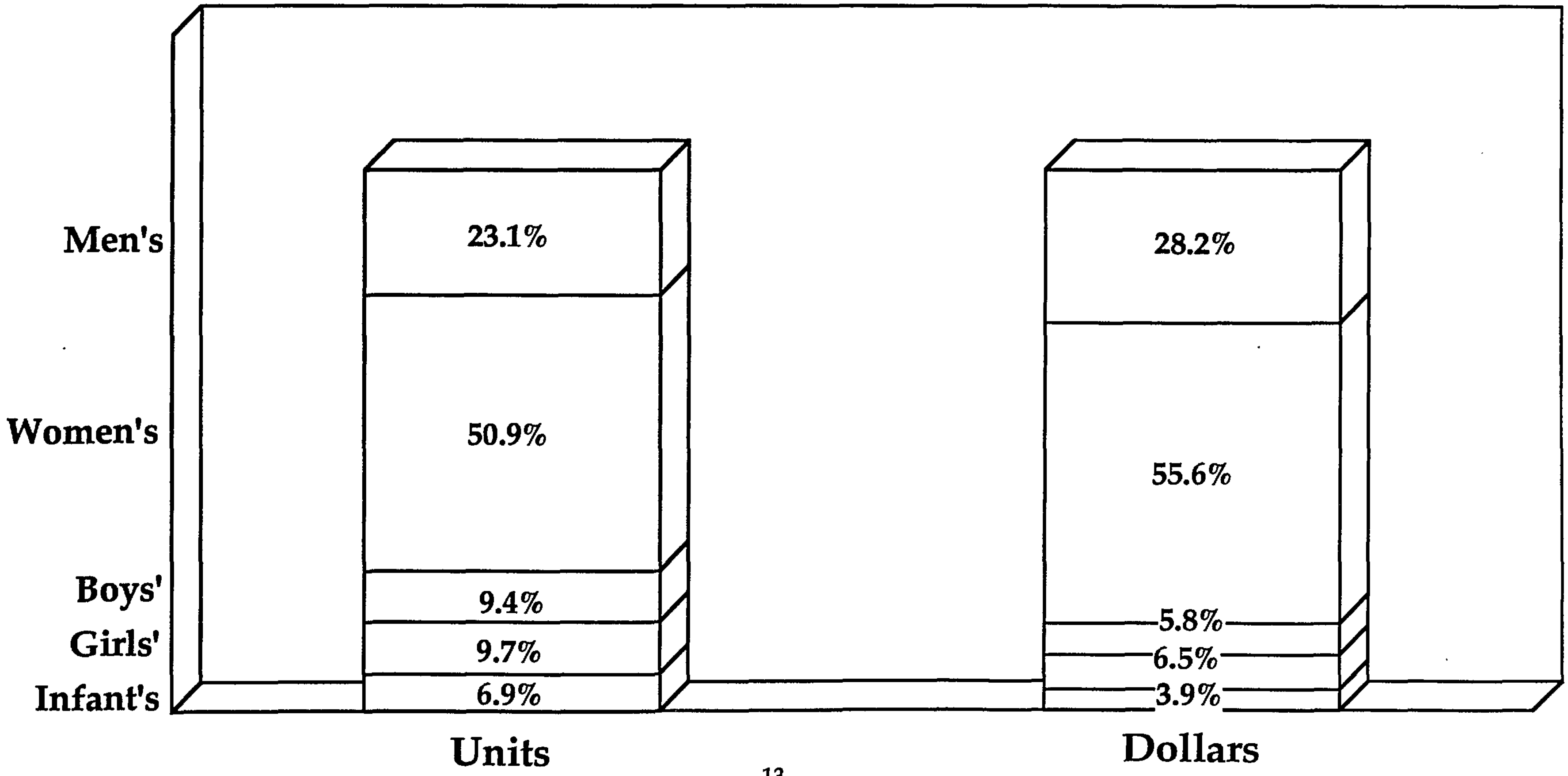


110-50

Currently, women's apparel accounts for 51% of the units and almost 56% of all the dollars spent on clothing. Men's apparel accounts for 28% of the retail dollar sales of clothing while children's clothing (sizes 0 - 18) account for 16% of total dollar sales.

TOTAL APPAREL

1992



110-36

Per capita consumption of men's apparel is greatest among 15-19 year old men, remains constant at a lower level from 20-64 and falls off dramatically with 65 year old and older men. Per capita expenditures for apparel are highest among 45-64 year old women and among women 15-19. With the exception of the 15-19 year old segment, women's per capita expenditure rates are consistently higher than men's.

CANADIAN APPAREL MARKET
Per Capita Annual Apparel Expenditures

1992

Age of Wearer	Men	Women
15 - 19	$752.47	$713.81
20 - 29	$378.55	$655.03
30 - 44	$333.75	$617.69
45 - 64	$376.42	$800.76
65 & Over	$191.87	$541.88

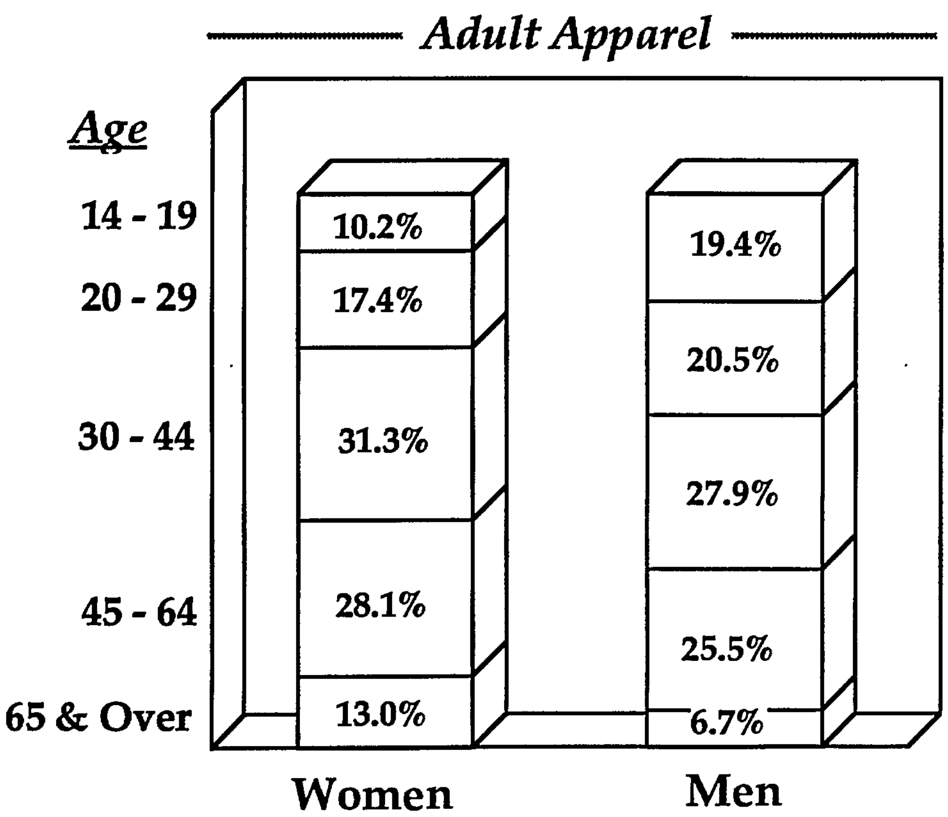
Population Figures: Statistics Canada Cat. No. 63-224, p. 162

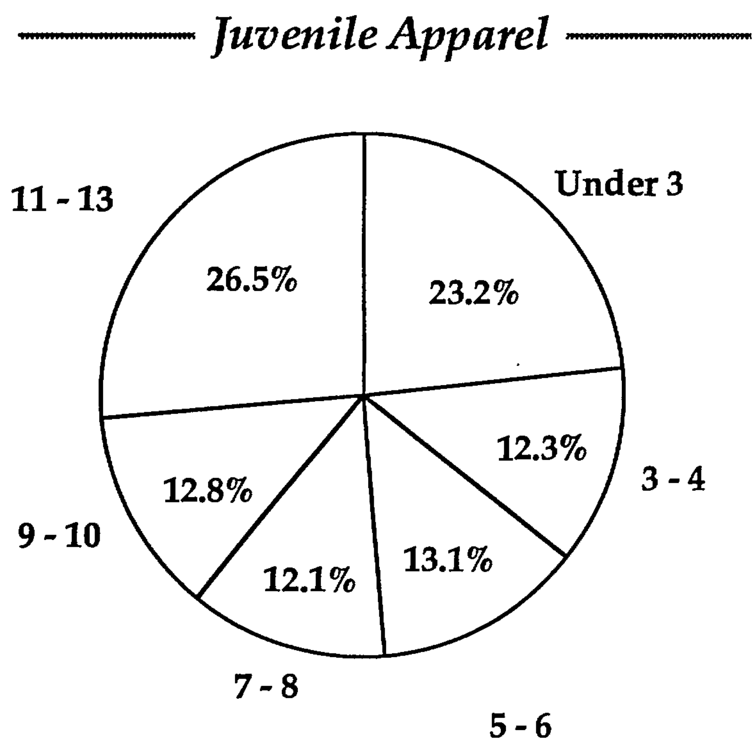
110-49

The age group 30-44 years of age is the most important age group for both women's apparel (31.3%) and men's apparel (27.9%). The under three year age group and the 11-13 year old age group together account for 50% of all juvenile apparel.

TOTAL APPAREL
1992 Retail Dollar Sales

Age of Wearer



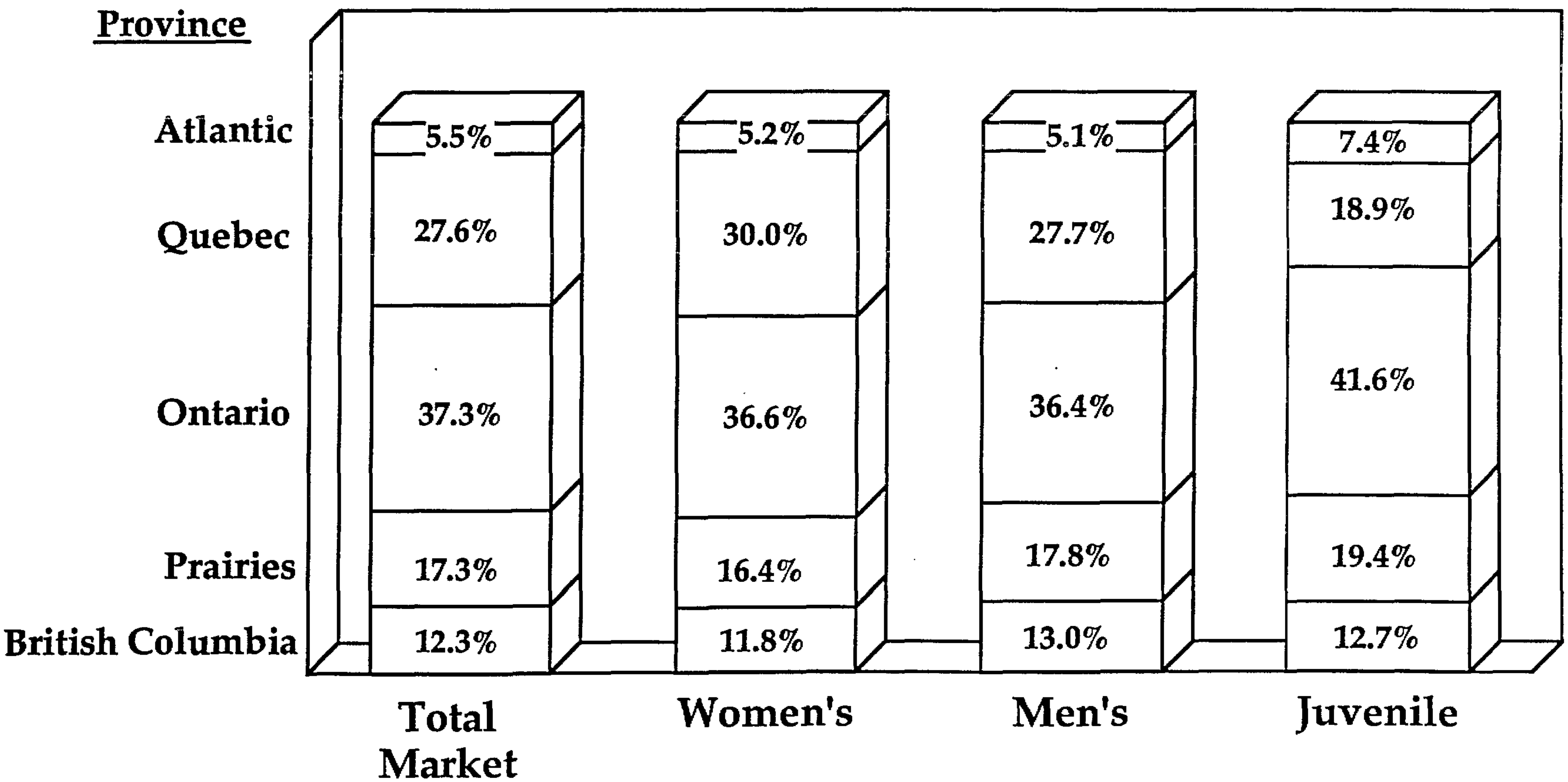


110-52

Ontario, accounting for the largest share of Canada's population, also accounts for the largest share provincially of the apparel market. Quebec, overall the second most important province for apparel sales, is underdeveloped in the juvenile apparel segment.

TOTAL APPAREL

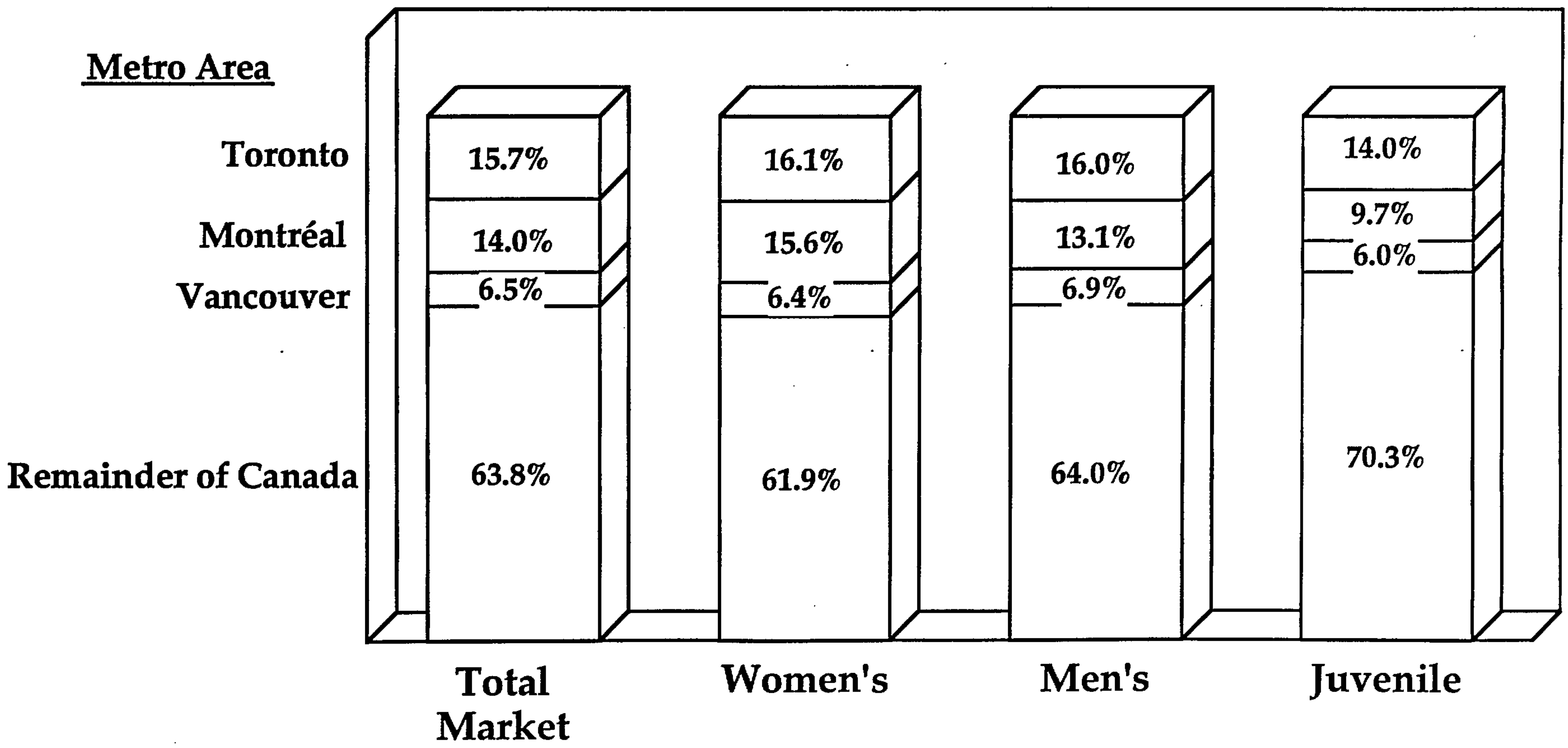
1992 Retail Dollar Sales



The Toronto metro area is only slightly more important for apparel sales than Montréal. Vancouver accounts for less than one half of Montréal's sales volume.

TOTAL APPAREL

1992 Retail Dollar Sales



110-53

Section IV - Retail Apparel Organizations

Retailers selling clothing in Canada can be categorized into the following groups:

- **Mass Merchants:** The term includes department stores, junior department stores and discount stores (e.g., K-Mart, SAAN, Zellers, Woolco, etc.)

- **Apparel Specialty Conglomerates:** Two types can be identified, both of which operate more than one clothing chain
  - Major - Operates more than three store names and has more than 150 outlets in total (e.g., Dylex)
  - Minor - Operates more than one chain

- **Apparel Specialty Chains:** Retailers operating more than ten stores, all under the same name (e.g., Mark's Work Wearhouse)

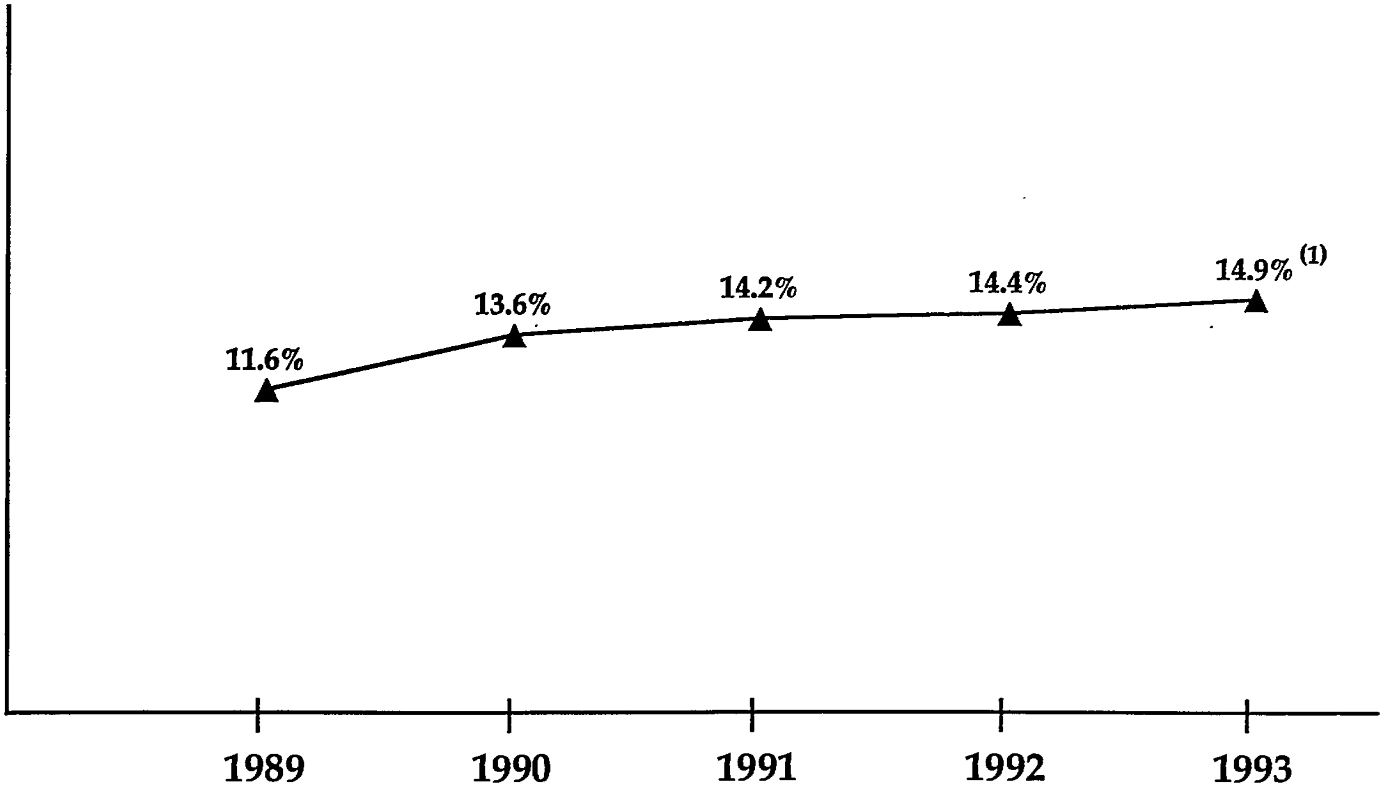
- **Independent Specialty Chains:** Retailers selling only clothing and having less than ten outlets all under the same name

- **All Other Outlets:** Includes sporting goods stores, college book stores, warehouse stores, grocery stores, drug stores, etc.

Through a combination of organic growth (basically at Zellers) and acquisitions, the Hudson Bay company has become the dominant apparel retailing organization in Canada. Together the Hudson Bay organization, Sears, Dylex and the F. W. Woolworth account for over a third of all apparel sales in Canada.

TOTAL APPAREL SALES
Retail Dollar Market Share

Hudson Bay's Market Share



110-75 *(1) Through September 1993, does not include Woodwards*

CANADIAN MASS MERCHANTS

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Army & Navy Dept Stores	Army & Navy	8	Discount Store
Dylex [1]	Bi-Way	282	Discount Store
T. Eaton Company Ltd.	Eaton's	92	Department Store
Gendis	Greenberg Metropolitan SAAN SAAN for Kids Red Apple Clearance Centers Casual Looks Plus	80 85 222 20 37 3	Discount Store Discount Store Discount Store Childrenswear Discount Apparel Discount Apparel Specialty
Giant Tiger	Giant Tiger	99	Discount Store
Hartco Enterprises	Hart Dept. Store	17	Discount Store
Holt Renfrew & Company Ltd.	Holt Renfrew	14	Department/Specialty Store

110-43 *(1) Primarily an apparel specialty retail conglomerate*

CANADIAN MASS MERCHANTS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Hudson Bay	The Bay Zellers Fields PSS (Plus Size Plus Savings)	103 295 113 6	Department Store Discount Store Discount Store Discount Apparel Specialty
K-Mart	K-Mart S. S. Kresge	127 13	Discount Store Discount Store
Michael Rossy Ltd.	Rossy	51	Discount Store
The Northwest Co.	Northern	153	Department/Discount Store
Peoples	Peoples	78	Discount Store
Price Club Canada	Price Club	17	Warehouse Club
S. Rossy Inc.	Dollarama Explosion Rossy	43 13 25	Variety Store Discount Store Discount Store

CANADIAN MASS MERCHANTS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Sears	Retail Stores Catalog Outlets	110 1,470	Department Store Department Store
TJX Companies	Winners	15	Discount Apparel
Wise Stores Inc.	Wise	48	Discount Store
Woolworth Canada, Inc.	Woolco (1) The Bargain Shop	149 191	Discount Store Discount Store

110-43 *(1) 122 To be sold to Wal-Mart*

MAJOR APPAREL SPECIALTY RETAILING CONGLOMERATES[1]

Parent Corporation	*Number of Retail Concepts*	*Number of Canadian Stores*	*Comments*
Comark	8	454[2]	
Dalmys	4	191	
Dylex	7	688	Does not include Bi-Way or Suzy Shier stores
Etac	5	132	
Les Boutiques San Francisco	6	167	
Boutique Marie Claire	11	298	
Pantorama	11	256	
Penningtons	3	163	
Reitmans	4	587	
Shirmax	4	189	
Suzy Shier	3	276	
Woolworth Canada, Inc.	10	752	Does not include Woolco or the Baragain Shop stores

(1) Excludes all United States operations
(2) Excludes shoe stores and luggage shops

110-37

CANADIAN APPAREL SPECIALTY RETAILER CHAINS [1]

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Algo Group	La Vie En Rose One Plus One	24 29	Lingerie Ladieswear
Aquascutum Inc.	Aquascutum	17	Men's and Ladieswear
Auld Phillips Ltd.	Auld Phillips	3	Womenswear
	Auld Phillips Factory Outlet	3	Womenswear
	Jenny's Suzanne's The Top Shop	5 10 1	Womenswear Womenswear Womenswear
Below the Belt Ltd.	Below the Belt	28	Unisex Specialty
Bigi Canada Ltd.	Bigi Limité	7 43	Junior Womens Junior Womens
Bikini Village	Bikini Village	34	Unisex Bathing Suit Specialty

110-42 *(1) Having more than ten outlets*

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Boutique Au Coton, Inc. B. A. C.	**Au Coton**	**115**	**Women's Casualwear**
	Boca	**22**	**Unisex Casualwear**
Boutique Cherié (1992), Inc.	**BCC 1**	**2**	**Ladieswear**
	Boutique Cherié	**15**	**Ladieswear**
	Coup D'Oeil	**1**	**Ladieswear**
	Crickette	**1**	**Ladieswear**
	D'Ici	**1**	**Ladieswear**
	Enchantee	**2**	**Ladieswear**
	Enjolie	**3**	**Ladieswear**
	Jazzie	**5**	**Ladieswear**
	Marie Luv	**5**	**Ladieswear**
	Mode Express	**2**	**Ladieswear**
	Ooh La La	**5**	**Ladieswear**
Boutique Jacob Inc.	**Jacob**	**55**	**Ladieswear**
	Jacob Entrepot-Solderie	**1**	**Familywear**
	Jacob Jr.	**37**	**Childrenswear**
	Jacob Lingerie	**19**	**Womens Lingerie**

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Boutique Le Pentagone Inc.	Boutique F-17	21	Unisex
	Le Pentagone	47	Unisex
Boutique Marie Claire Inc.	Boutique Marie Claire	164	Ladieswear
	Camelia	1	Ladieswear
	Claire France	17	Ladieswear
	Emotions	55	Ladieswear
	Evasion	6	Ladieswear
	Express Jeunesse	10	Ladieswear
	Ingenue	5	Intimate Apparel
	M. C. Collection	15	Ladieswear
	Reve	3	Ladieswear
	Reve de Femme	19	Ladieswear
	Terra Nostra	3	Unisex
Boutique Tristan and Iseut Inc.	America	4	Menswear
	America Junior	5	Junior Boys Clothing
	Tristan	23	Ladieswear
	Tristan & America	24	Unisex

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Caveau des Jeans Ltée	**Blue Madness**	**19**	**Unisex-Jeans Stores**
Château Stores of Canada Ltd.	**Le Château**	**153**	**Unisex Specialty**
Chelsea	**Chelsea**	**20**	**Laideswear**
Comark	**Lilianne**	**15**	**Lingerie**
	Irene Hill	**130** (Irene Hill and Just Petites)	**Ladieswear**
	Just Petites		**Ladieswear**
	Ricki's	**110**	**Ladieswear**
	Robinsons	**4**	
	Bootlegger	**90**	**Unisex**
	Dockside	**10**	**Menswear**
	Young Canada	**95** (Young Canada and Au Coin des Petites)	
	Au Coin des Petites		**Childrenswear**
The Connection	**The Connection**	**15**	**Family wear**
	Deal$	**4**	**Variety Store**
	Fashion Factory	**12**	**Ladieswear**
	Kids 4 Less	**8**	**Childrenswear**
	MMFO	**5**	**Menswear**

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Cotton Ginny Ltd.	Cotton Ginny	86	Ladieswear
	Cotton Ginny Plus	65	Ladieswear
	Cotton Ginny/ Cotton Ginny Plus	31	Ladieswear
Dalmys (Canada) Ltd.	Dalmys	99	Ladieswear
	Gazebo	1	Ladieswear
	Cactus	17	Ladieswear
	Antels	74	Large Size Women's
Dylex	Tip Top	178	Menswear
	Harry Rosen	23	Menswear
	Fairweather	128	Ladieswear
	Steel(1)	100	Menswear
	Thrifty's	141	Unisex
	Braemar/Braemar Petites	72	Ladieswear
	Club Monaco	60	Unisex
Elia Fashions Ltd.	Please Mum	17	Childrenswear
	Trik	2	Unisex

110-42 *(1) Closed January 1, 1994*

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Ernest Enterprises Montréal Ltd.	Ernest	15	Menswear
	Jonathan	7	Menswear
ETAC Sales Ltd.	Alfred Sung	11	Unisex
	Alfred	15	Unisex
	Brettons	10	Unisex
	Ports International	36	Ladieswear
	Ports International Menswear	21	Menswear
	Tabi	39	Ladieswear
Ethos Ltd.	Ethos	10	Ladies and Brideswear
	Fragments of a Dream	3	Ladies and Brideswear
Family Wearhouse Ltd.	Family Wear House	13	Discount Familywear

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Gap International	The Gap	32	Unisex
	Gap Kids	16	Childrenswear
Gestion Clément	By American	2	Unisex
	Clément	16	Childrenswear
	Collection Bebe		
	Accessories	3	Childrenswear
	Lacoste	1	Unisex
	Mad Max	3	Unisex
Grafton-Fraser Inc.	George Richards	17	Large Size Menswear
	Grafton & Co.	9	Menswear
	Jack Fraser	106	Menswear

110-42

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
International Clothiers	Club Pelle	15	Unisex
	Cotton Island	1	Unisex
	International Clothiers	6	Menswear
	Malibu Sport	1	Unisex
	Massimo	1	Menswear
	Miami Man	1	Menswear
	Petrocelle Uomo	13	Menswear
	Woolskins	7	Unisex
Internationale Le Cotonnier Concept	Lė Cotonnier International	30	Ladieswear
Jaggs Fashions Ltd.	Anjene	4	Ladieswear
	Jaggs Fashions	6	Ladieswear
The Jeanery Ltd.	City Streets	12	Unisex

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Jean Machine	Jean Machine	35	Unisex
J. K. Childrens' Wear Inc.	Just Kids	46	Childrenswear
John Pomer Sales Ltd.	Bi Rite Stores	3	Menswear
	John Pomer Menswear	15	Menswear
Laura Ashley Shopps Ltd.	Laura Ashley	11	Ladieswear
Laura Shoppe Inc.	Laura	26	Ladieswear
	Laura Petites	13	Ladieswear
	Melanie Lyne	14	Ladieswear
L'Ensemblier Inc.	L'Ensemblier	33	Unisex
Le Groupe Bovet	Bovet	11	Menswear
	Club Garcons	10	Childrenswear
	J. J. Farmer	3	Menswear
	Marc Andrew	7	Menswear
	Sauve	10	Menswear

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Le Groupe Dynamite Boutique Inc.	Chado Dynamite Le Garage Promo	1 20 3 10	Ladieswear Ladieswear Ladieswear Familywear
Le Jean Bleu Inc.	The Blue Jean	59	Unisex
Les Boutiques San Francisco, Inc.	San Francisco L'Officiel San Francisco Beach Club Frisco West Coast Victoire Delage	61 21 38 12 21 14	Ladieswear Ladieswear Ladies Swimwear Childrenswear Menswear Lingerie
Les Magasins J. L. Taylor Inc.	Beau Weekend Taylor	5 10	Unisex Familywear
The Leather Ranch Ltd.	The Leather Ranch	20	Unisex

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Legs Beautiful	Legs Beautiful	35	Ladieswear
Lindor Inc.	Cassis Dorlene Lindor	3 58 41	Ladieswear Ladieswear Ladieswear
Mariposa Stores Ltd.	Mariposa Savannah	110 40	Ladieswear Ladieswear
Marks and Spencer	Marks and Spencer D'Allairds	42 107	Unisex Older Ladieswear
Mark's Work Wearhouse Ltd.	Mark's Work Wearhouse	140	Menswear
Mia Inc.	Mia	40	Ladieswear
Modes Cazza	Cazza 5' 4" Mondaine	20 5	Ladieswear Ladieswear

110-42

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Murray Goldman Ltd.	Boys Co.	4	Menswear
	The Clothing Market	3	Menswear
	Goldman and Sons	1	Menswear
	Magnet	4	Unisex
	Murray Goldman	2	Menswear
Nygard International	Alia	14	Ladieswear
	Bianca Nygard	19	Ladieswear
	Tan Jay	48	Ladieswear
Pantorama Industries, Inc.	Pantorama	128	Unisex
	D'Gala	12	Unisex
	Levis 1850	79	Unisex
	Roberto	12	Unisex
	Abraxas	4	Unisex
	D'Signer	1	Menswear
	Le Tram	N. A.	Unisex
	Station Coton	12	Unisex
	Coloratti	N. A.	Unisex
	Vintage Blue	10	Unisex
	Buffalo de France	N. A.	Unisex

CANADIAN APPAREL SPECIALTY RETAILERS

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Pennington's Stores Ltd.	Liz Porter	41	Women's Large Size
	Pennington's	99	Women's Large Size
	Pennington's Wearhouse	27	Women's Large Size
Q Fashion Group Ltd.	Frenz	12	Unisex
Quebec Unisex Ltée	Jeans Experts	18	Unisex
	Quebec Unisex	9	Unisex
Ravisco Inc.	Boutique Aujour d'hui	1	Ladieswear
	Innocence	4	Ladieswear
	Jadia	3	Ladieswear
	Nappa	5	Ladieswear
Reitmans, Inc.	Reitmans	384	Ladieswear
	Smart Set	196	Ladieswear
	Un-Deux-Trois	5	Ladieswear
	Kookai	2	Ladieswear

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Retail West Inc.	Francines Rio Bay Show Off	33 1 15	Ladieswear Ladieswear Ladieswear
Roots Canada Ltd.	Roots	50	Unisex
Sal Green Investments Ltd.	City Smarts Stefi Lara	11 9	Ladieswear Ladieswear
Serena Fashions Ltd.	Bellessa Bellissima Indigo Marisol Serena Fashions Vivi Anna	1 10 1 1 19 1	Ladieswear Ladieswear Ladieswear Ladieswear Ladieswear Ladieswear
A. Setlakwe Ltd.	Lingerie Silhouette Setlakwe	17 3	Lingerie Mass Merchant
Shirmax Retail Ltd.	Addition Elle Gigi Shirley K Thyme En Compagnie	92 8 39 50	Women's Large Size Ladieswear Maternity Maternity

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Shirmon Fashions	Mondi	16	Ladieswear
The Sox Clinic (Canada) Inc.	The Sox Clinic	12	Ladieswear
The Street Level Clothing Company Ltd.	The Next Exit	22	Ladieswear
Suzy Creamcheese (Canada) Ltd.	Alexandra Suzy Creamcheese	11 25	Ladieswear Ladieswear
Suzy Shier	Suzy Shier L. A. Express La Senza	} 233 43	Ladieswear Ladieswear Lingerie
The Tall Girl Shop Ltd.	Tall Girl	15	Ladieswear

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Tie Rack (Canada) Ltd.	Tie Rack	21	Unisex
United Colors of Benetton	Benetton-012 Sisley United Colors of Benetton	20 29 52	Childrenswear Unisex Unisex
Warehouse One Ltd.	Warehouse One	16	Familywear
Warrens Men's Wear Ltd.	The Levi's Store Warrens House of Britches	4 7	Unisex Unisex

CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
Work World Enterprises, Inc.	Work World	150	Unisex - Workwear
Woolworth Canada, Inc.[1]	Northern Reflections	178	Ladieswear
	Lady Foot Locker Casuals	189	Ladieswear
	Silk and Satin	36	Lingerie
	Foot Locker	164	Athletic Footwear/Apparel
	Randy River	110	Menswear
	Reflexions	36	Ladieswear
	Karuba	76	Ladieswear
	Canary Island	65	Unisex
	Northern Getaway	36	Childrenswear
	Northern Traditions	26	Ladieswear
	Champs Sports	35	Athletic Footwear/Apparel
YM Inc.	Hollywood West	25	Unisex
	Stitches	90	Unisex
Zacks Fashions Ltd.	Fashion Annex	7	Ladieswear
	Zacks	14	Ladieswear

(1) Does not include Woolco/Woolworth stores or Kinney Shoes.

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CANADIAN APPAREL SPECIALTY RETAILERS (Continued)

Parent Corporation	*Stores Owned*	*Number of Stores*	*Type of Stores*
175387 Canada Inc.	Maggie's	11	Ladieswear
26298240 Quebec Inc.	Boutique Amour	24	Large Size Womenswear
2830914 Canada Inc.	Image	1	Menswear
	Kompass	1	Menswear
	Once Upon a Time	1	Menswear
	Osa Milano	1	Menswear
	Scala Milano	2	Menswear
	Trench	5	Menswear
	Trench Sports	1	Menswear
2854368 Canada Inc.	Boutique Fuzz	10	Ladieswear
678112 Ontario Ltd.	Fashion Authority	3	Familywear
	Fashion Emporium	20	Ladieswear
	Pembrooke Fashions	2	Ladieswear

Section V - Individual Retailers

Canada's ten largest apparel retailers in 1992 accounted for 42.3% of the total retail apparel market. Since 1990 the largest ten retailers collectively have increased their market share through both acquisitions, utilization of technology and leveraging their size.

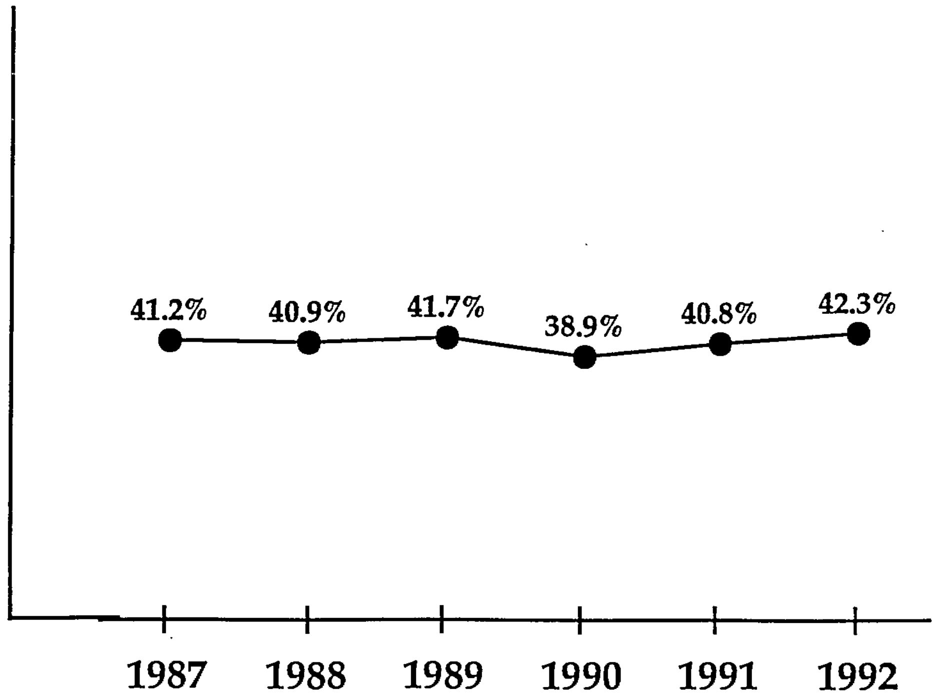
TOTAL APPAREL

Retail Dollar Sales

Largest 1992 Individual Retailers

Sears [(1)]
Zellers
The Bay
Eaton's
Woolco
K-Mart
Woodward's
Bi-Way
Tip Top
SAAN

Share of Ten Largest Retailers



(1) Includes catalog sales.

Sears, The Bay, Eaton's and Zellers dominate all three segments of the retail clothing market. The top ten list of the largest men's and women's retailers contains three specialty stores while in the top ten list of juvenile clothing retailers the discount stores have a much more prominent market share ranking.

TOTAL APPAREL
1992 Retail Dollar Sales

Largest Individual Retailers

Men's	*Women's*	*Juvenile*
Sears	Sears	Zellers
The Bay	The Bay	Sears
Eaton's	Zellers	Woolco
Zellers	Eaton's	The Bay
Tip Top Tailors	Woolco	K-Mart
Moores	K-Mart	Eaton's
Woolco	Fairweather	Bi-Way
K-Mart	Reitman's	SAAN
Mark's W. W.	D'Allaird's	Woodward's
Woodward's	Woodward's	Fields

Retail concentration defined as the collective market share of the ten largest retailers is much greater in Canada than the United States.

TOTAL APPAREL SALES

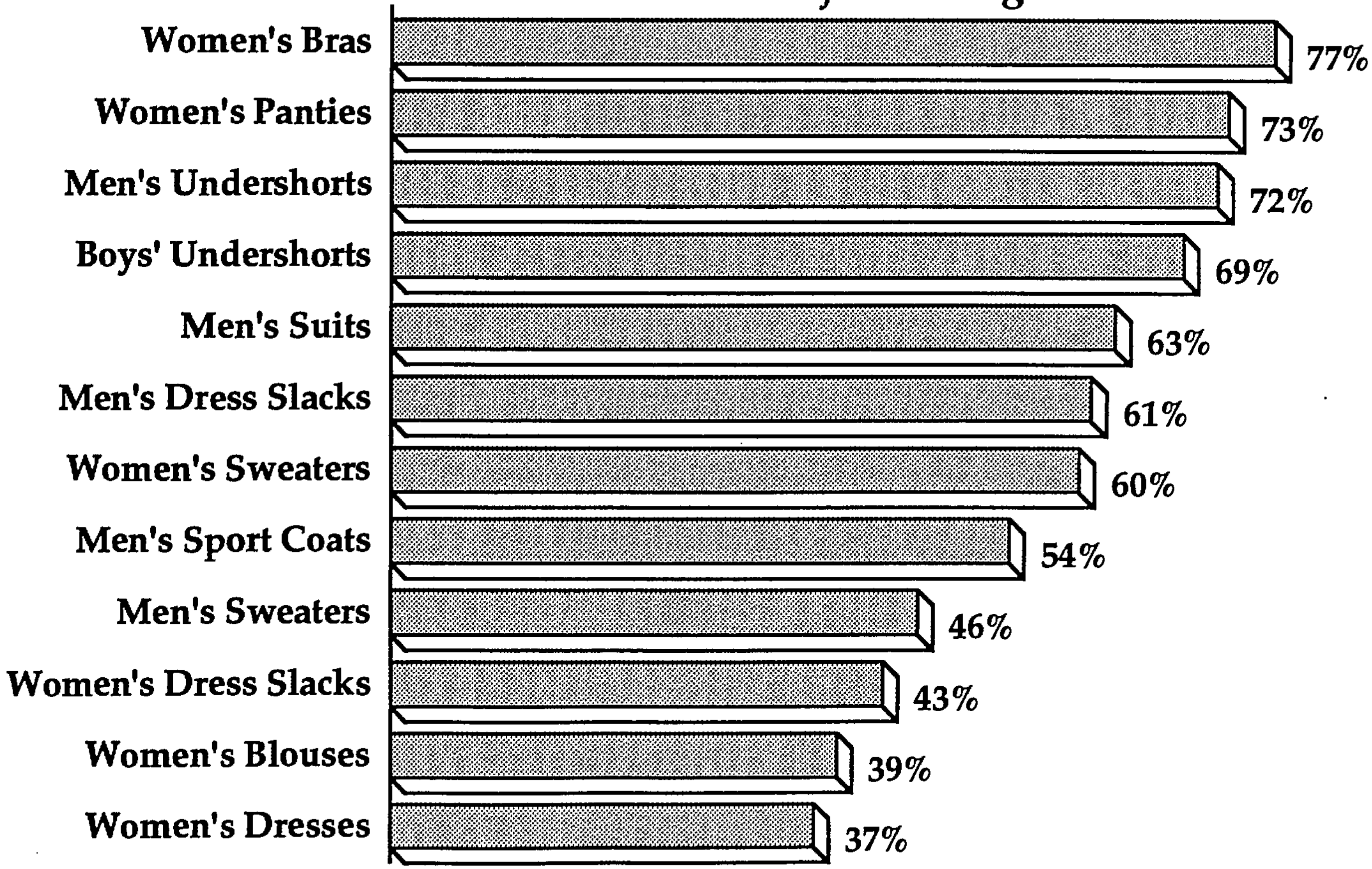
Retail Dollar Market Share of Ten Largest Retailers

	Canada		*United States*
	1987	1992	1992
Total Apparel	41.2%	42.3%	31.4%
Women's	36.2%	39.8%	28.2%
Men's	49.6%	48.2%	37.1%
Juvenile	62.5%	61.5%	48.5%

The combined market share of the ten largest retailers for an end use is greatest for children's products and adult commodity products.

TOTAL APPAREL
1992

Retail Dollar Market Share of Ten Largest Retailers



In terms of the number of retail outlets, Reitmans is the largest individual retailer in the country.

LARGEST APPAREL SPECIALTY STORE CHAINS

1993 Stores

Men's

Tip Top	178
Mark's W. W.	136
Randy River	110
Jack Fraser	106
Stell (1)	100
Moores	89
Harry Rosen	23
Big n' Tall	14
Bovet	11

Women's

Reitmans	384
Suzy Shier/ L. A. Express	233
Smart Set	196
Lady Foot Locker Casuals	189
Cotton Ginny	182
Northern Reflections	178
Marie Claire	164
Irene Hill/Just Petites	130
Fairweather	128
Au Cotton	115
Mariposa	110
D'Allairds	107
Penningtons	99
Addition-Elle	92
Dalmys	99

Unisex

Le Chateau	153
Work World	150
Thrifty's	141
Pantorama	128
Stiches	90
Levis/1850	90
Bootlegger	74
Canary Island	65
Club Monaco	60
The Blue Jean	59
Benetton	52
Roots	50
Le Pentagone	47
Jean Machine	42
Marks and Spencer	35
The Gap	32

(1) Closed January 1994

Retail specialty store competition is greatest in the women's large size and lingerie segments.

LARGEST WOMEN'S APPAREL SPECIALTY SIZE CHAINS

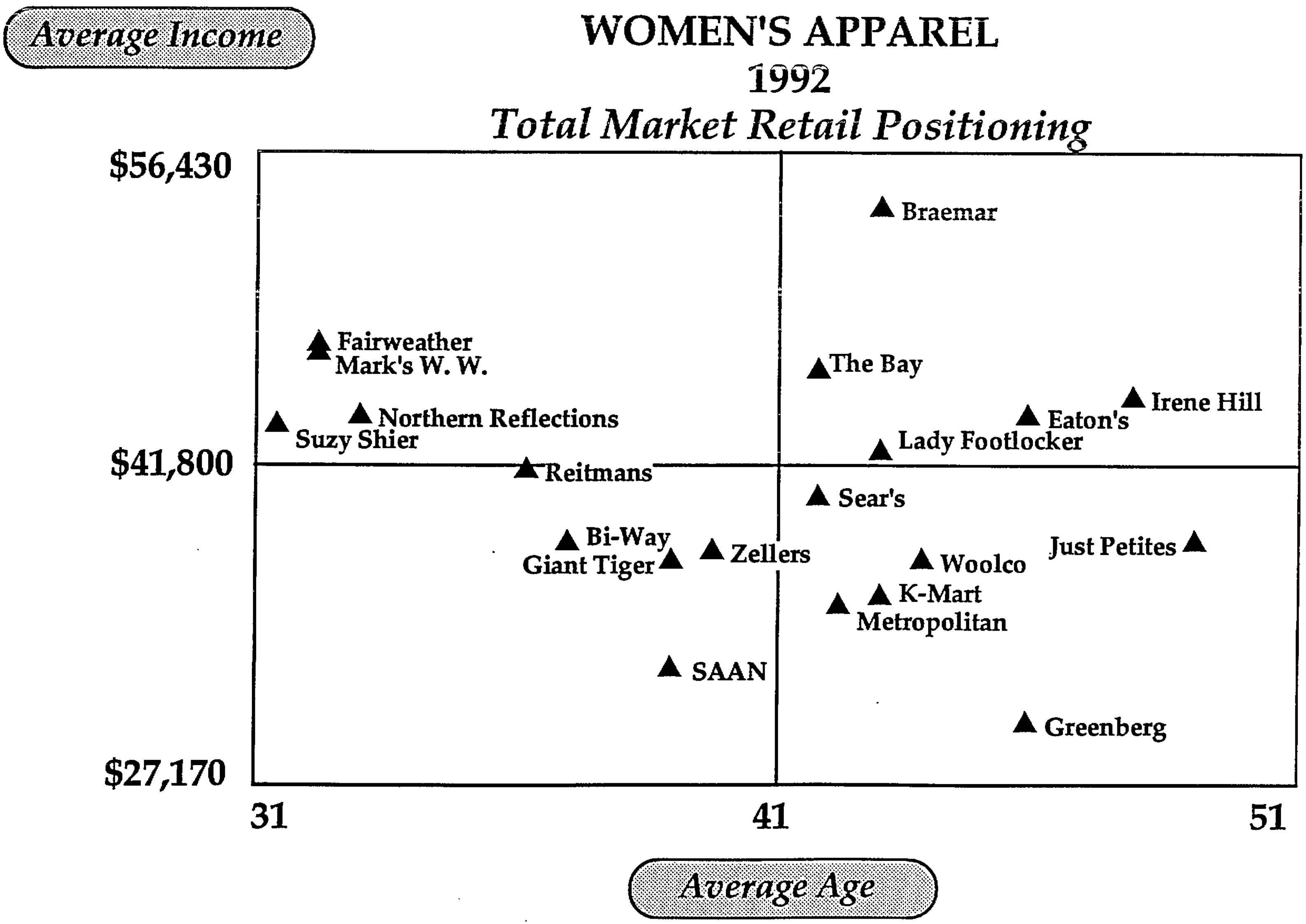
1993 Stores

Large Size		*Petites Sizes*		*Maternity*		*Lingerie*	
Pennington's	99	Just Petites/ Irene Hill	130	Thyme En Compagnie	50	La Senza	43
Addition Elle	92	Braemar Petites	72	Shirley K	39	Silk and Satin	36
Antels	74					Le Vie En Rose	24
Cotton Ginny Plus	65					Jacob Lingerie	19
Liz Porter	41					Lingerie Silhouette	17
Boutique Amour	24					Lilianne	15
						Victoire Delage	14

Segmenting the Canadian retail apparel market based on the average age and household income of the consumer, usually results in four segments emerging:

- A department store segment selling to older, more affluent customers
- A discount stores segment selling to younger, less affluent customers
- Two specialty store segments selling to above average income customers who are targeted to either older or younger customers

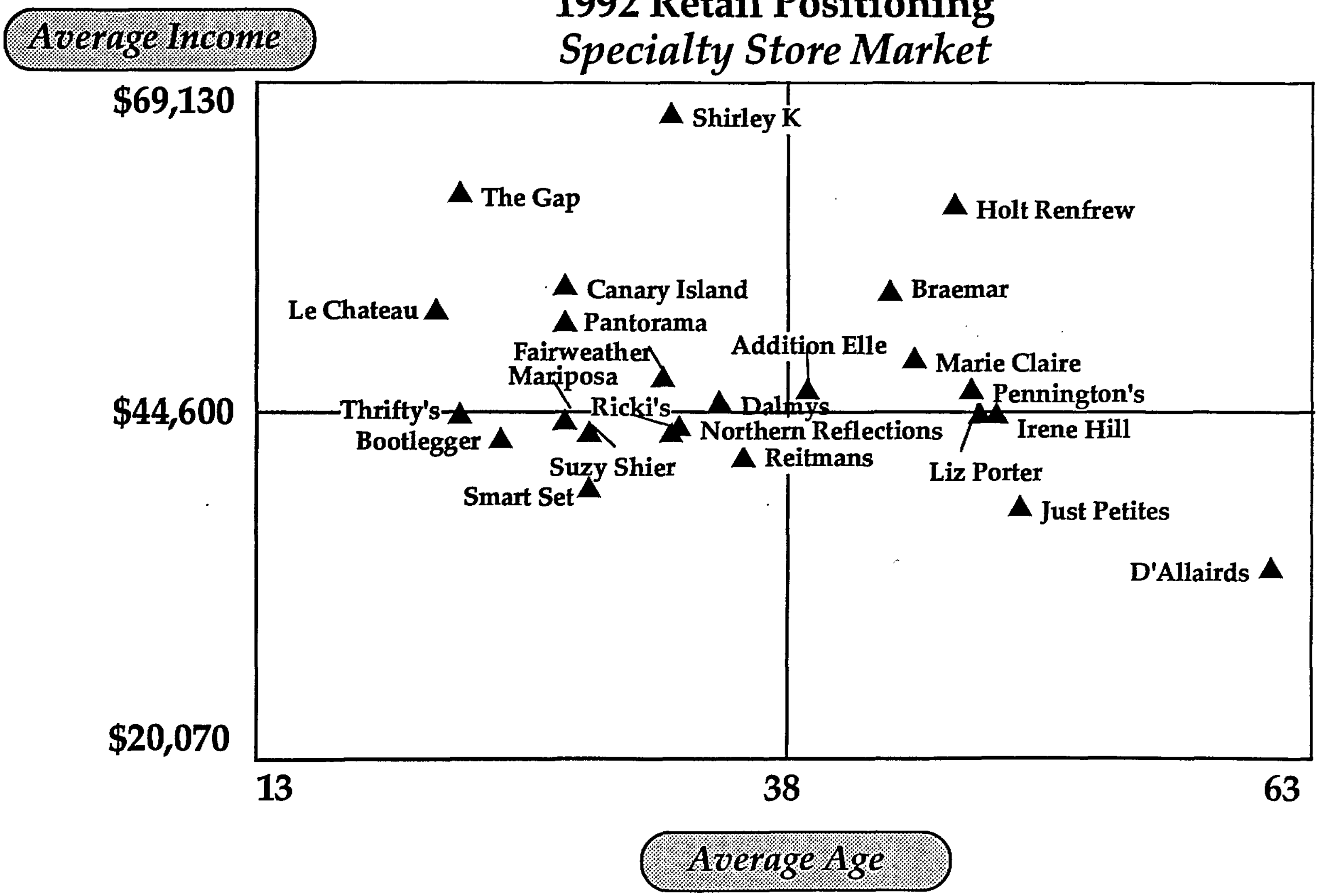
WOMEN'S APPAREL
1992
Total Market Retail Positioning



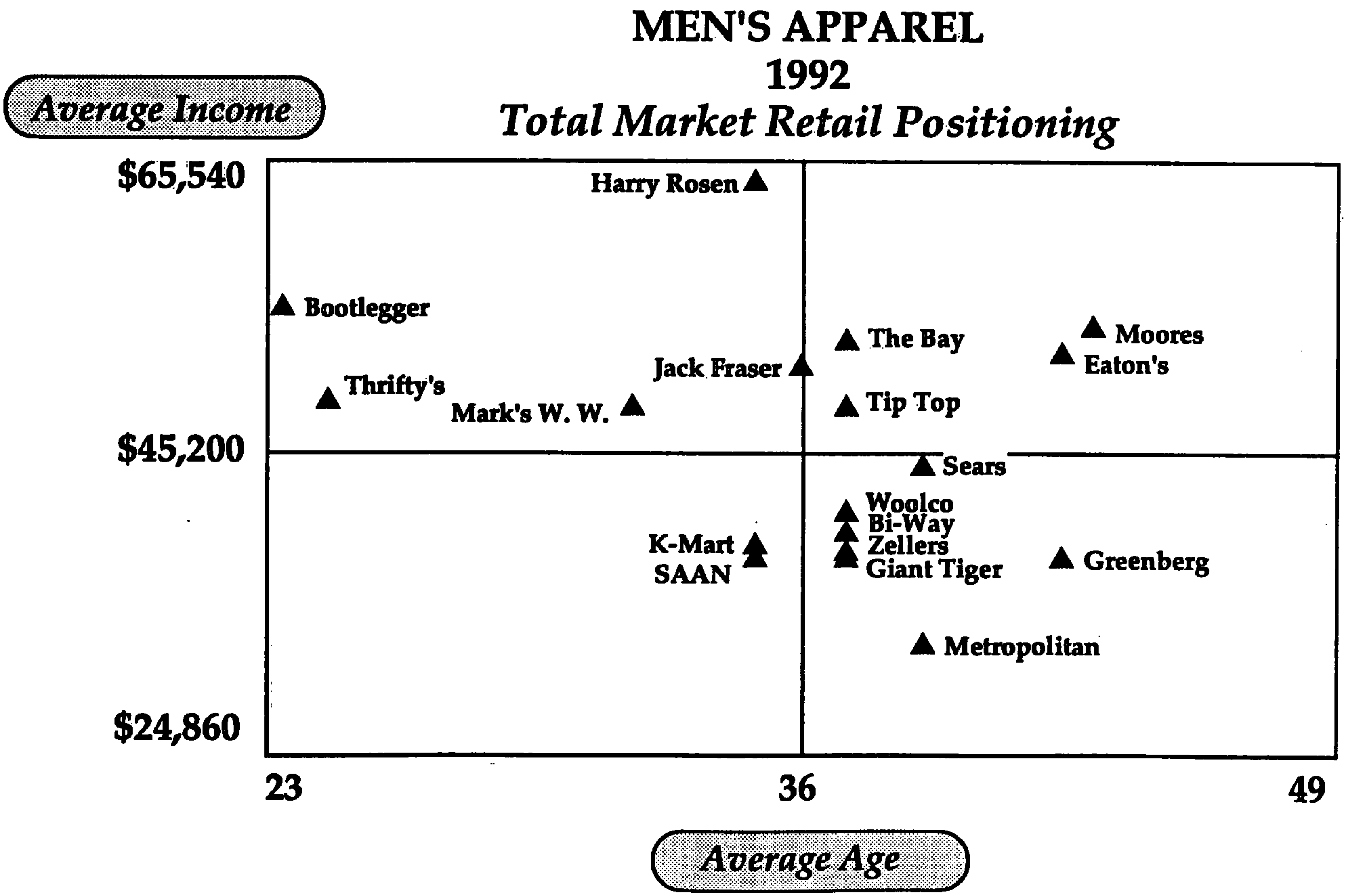
In the women's specialty store market, the following retailers have unique market niche positions:

Shirley K - Affluent maternity customers
D'Allairds - Older, less affluent customers
Holt Renfrew - Middle age/older, affluent customers

WOMEN'S APPAREL
1992 Retail Positioning
Specialty Store Market



In the total men's market, Sears, as is the case with the women's apparel market, defines the middle of the market and Harry Rosen is the most upscale men's chain retailer.



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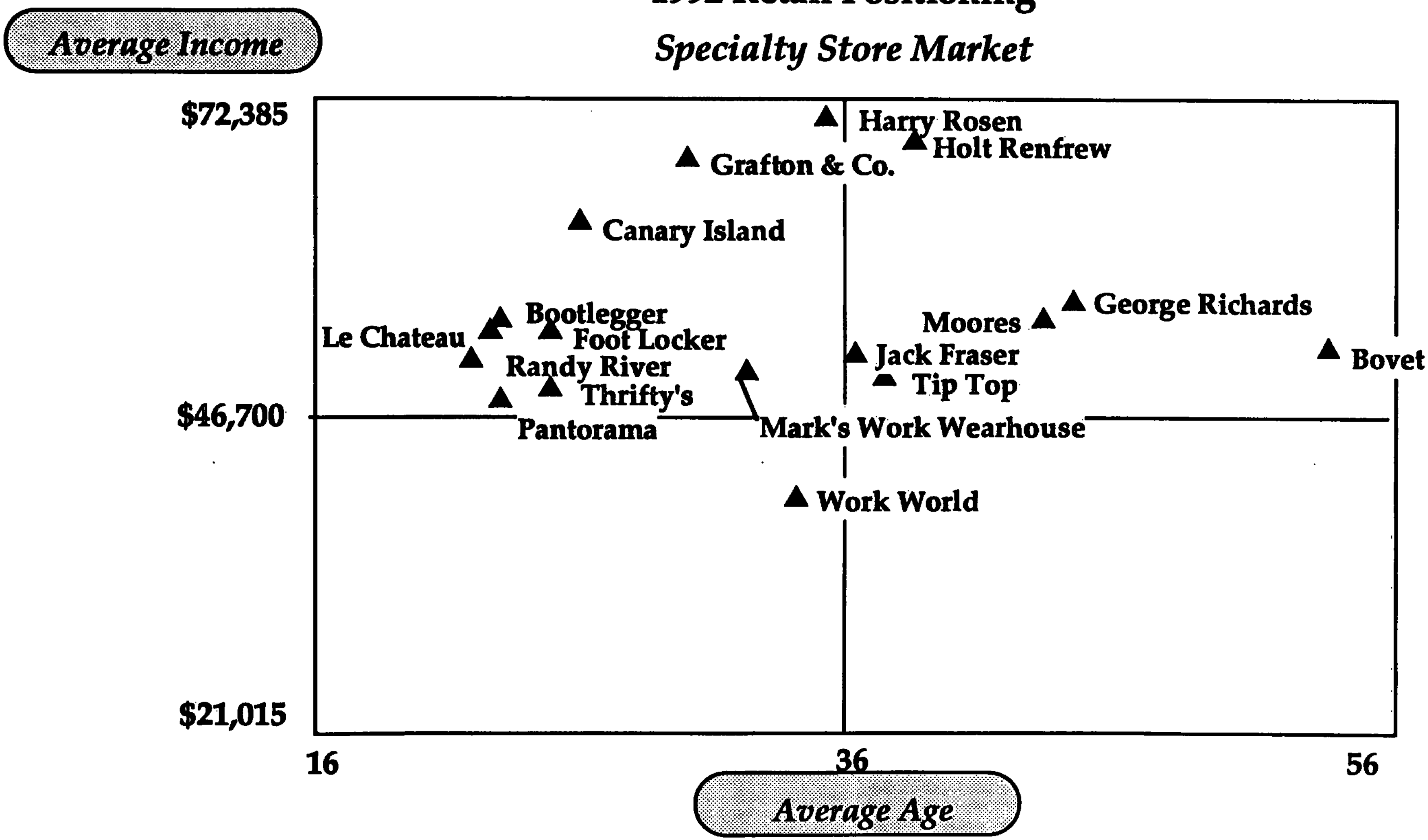
In the men's market Tip Top and Jack Fraser define the middle of the specialty store segment while Moore's is targeted to an older customer. The most competitive niche of the specialty market is the younger segment in which the jeans stores are competing against the more full line younger oriented stores such as Le Chateau and Randy River.

MEN'S APPAREL

1992 Retail Positioning

Specialty Store Market



Although much has been made about the entry of United States apparel retailers into the Canadian market, the total number of these outlets does not justify the concern expressed to date. However, the potential entry of other United States retailers such as Banana Republic and The Limited could adversely affect traditional Canadian specialty store chains along with the growth of mail order (e.g., L. L. Bean) and other non conventional retail formats, such as mail order shopping.

AMERICAN APPAREL SPECIALTY RETAILERS IN THE CANADIAN MARKET

1993

American Retailer	*Number of Canadian Outlets*
The Gap/Gap Kids	48
Talbots	8
Eddie Bauer	21

Faced with a stagnant consumer demand and fewer retail customers, many Canadian manufacturers/suppliers have begun to expand their own retail operation. These operations can be divided into legitimate factory outlets and higher profile/image specialty stores.

MANUFACTURER OWNED RETAIL OUTLETS

1993 Stores

Factory Outlets	
Arrow	6
Forsyth	3

Own Specialty Stores	
Arrow [1]	2
Nygard International	81
Rouie	4
Etac	132

(1) Alexander Julian Stores (open March 15, 1994)

Because apparel manufacturers, out of necessity, have come to the conclusion that they will have to become retailers, a number of factory outlet malls have been constructed since 1990, primarily in the province of Quebec.

FACTORY OUTLET MALLS IN CANADA

Promenades Hudson, Hudson, PQ; 22,000 sf; Dec. 1989; Miromar Development, Montréal, PQ

Les Versants de Bromont Factory Outlets, Bromont, PQ; 124,000 sf; May 1990; Estridev, Magog, PQ

Les Versants de St.-Sauveur Factory Outlets, St.-Sauveur, PQ; 25,300 sf; Dec. 1990; CDN Management, Montréal, PQ

Les Factories St.-Sauveur Factory Outlet, St.-Sauveur, PQ; 30,000 sf; 1991; First Canadian Factory Outlet Developers, Bromont, PQ

Promenades St. Anne, Quebec City, PQ; 54,000 sf; Sep 1991; Miromar Development

Les Manufacturiers de Bromont Factory Outlet, Bromont PQ; 45,000 sf; Sep 1992; First Canadian Factory Outlet Developers

Currently many more are either under development or are in the proposal stage.

FACTORY OUTLET MALLS IN CANADA

PLANNED CANADIAN OUTLET PROJECTS

Simco Crossing Factory Outlet Mall, Inisfil, ON; 100,000 sf; Nov 1993; Consulate Development, Mississauga, ON

Mariposa Mills Factory Outlet Stores, Orillia, ON; 100,000 sf; 1994; Oran Corp., Richmond Hill, ON

Unnamed Project, Bolton, ON; 90,000 sf; Feb 1994; First Canadian Factory Outlet Developers

St. Jacobs, Factory Outlet, St. Jacobs, ON; 70,000 sf; Mar 1994; Mercedes Corp., St. Jacobs, ON

Les Factoreries Outlex Vaudreuil, Montréal, PQ 81,000 sf; Mar 1994; Outlex Devlopment, Ville St. Laurent, PQ

Niagara Crossing Factory Outlet, Niagara Falls, ON; 170,000 sf; May 1994; Consulate Development Group

Discovery Village Facotyr Shoppes, Squamish, BC; 75,000 sf; Spring 1994; Highfield Development, Vancouver, BC

Magnetic Hill Factory Stores, Moncton, NB; 100,000 sf; Summer 1994; City of Moncton, NB

Promenades Simcoe, Toronto, ON; 150,000 sf; Summer 1994; Miromar Development

Promenade Banff, Banff, AB; 100,000 sf; Fall 1994; Miromar Development

Factory Stores at Kemptville, Ottawa, ON 88,195 sf; Conversion; Ossory Inc., Ottawa, ON

Also planned:

- Conversion of 125,000 sf of existing downtown space to outlet use in Perth, ON, a tourist town 50 miles southwest of Ottawa. Developer: North Country Promotions, Perth, ON

- New construction outlet project in Kelowna, BC. Developer: Kelowna Development Inc.

Section VI - Merchandise Sales Patterns

The largest merchandise category for men's clothing is pants. Since 1990, annual sales of both outerwear and suits/sport coats have shown the greatest decrease in sales (almost 30%).

MEN'S APPAREL SALES

Estimated Retail Dollar Sales (000)

Merchandise Category	1989	1990	1991	1992	% Change 1990/1992
Outerwear	$699,036	$742,098	$511,833	$526,761	-29%
Suits/Sport Coats	$747,161	$742,799	$644,104	$541,383	-27%
Slacks/Jeans/Other Pants	$1,087,074	$1,172,033	$983,232	$1,064,926	-9%
Shirts	$792,417	$847,996	$703,874	$752,989	-12%
Sweaters/Other Tops	$600,519	$556,273	$491,017	$521,959	-6%
Fleecewear/Activewear	$263,275	$264,580	$236,278	$238,769	-9%
Underwear/Nightwear	$219,418	$225,337	$209,544	$208,963	-7%
Socks	$159,497	$167,011	$150,309	$156,225	-7%
TOTAL	$4,568,404	$4,718,132	$3,930,193	$4,011,983	-15%

Since 1988 there has been a downward trend in the importance of outerwear and suits/sport coats in the men's wardrobe while the pant category propelled by increases in both jeans and short sales has increased the most in the men's wardrobe.

MEN'S APPAREL SALES
Retail Dollar Sales

Merchandise Mix

Merchandise Category	1988	1989	1990	1991	1992
Outerwear	14.1%	15.7%	15.6%	13.0%	13.2%
Suits/Sport Coats	18.8%	15.3%	15.5%	16.4%	13.5%
Slacks/Jeans/Other Pants	23.5%	24.2%	24.9%	25.0%	26.5%
Shirts	17.3%	16.9%	17.9%	17.9%	18.8%
Sweaters/Other Tops	12.6%	13.4%	12.0%	12.5%	13.0%
Activewear/Fleecewear	5.4%	6.0%	5.5%	6.0%	6.0%
Underwear/Nightwear	4.8%	5.0%	4.9%	5.3%	5.2%
Socks	3.5%	3.6%	3.6%	3.8%	3.9%
TOTAL	100%	100%	100%	100%	100%

The men's merchandise mix patterns by retail channel show that the following categories are overdeveloped:

Department Stores - Pants, Shirts, Underwear
Men's Specialty Stores - Suits/Sport Coats, Shirts
Discount Stores - Pants, Tops, and Other Commodity Categories
Sporting Goods Stores - Outerwear, Other Tops, Activewear/Fleecewear

MEN'S APPAREL SALES
Retail Dollar Sales

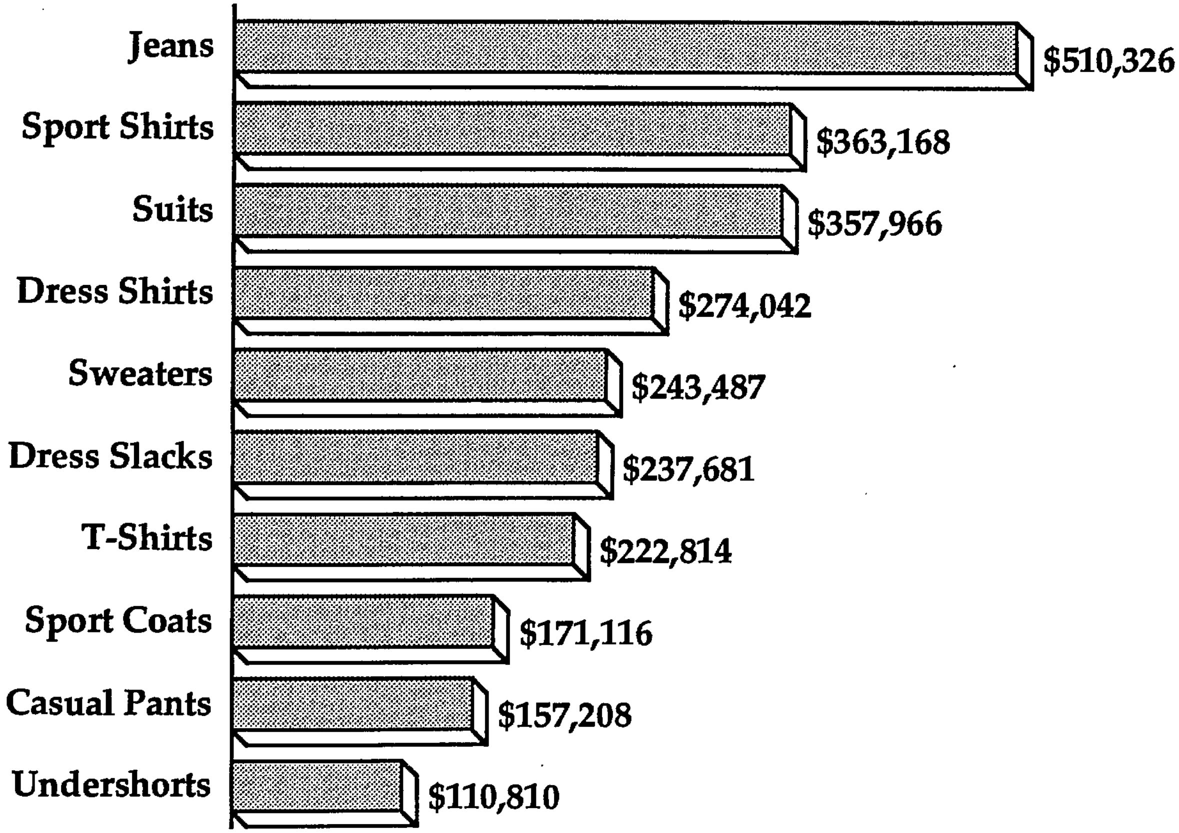
1992 Merchandise Mix

Merchandise Category	Total Market	Department Stores	Men's Specialty Stores	Discount Stores	Sporting Goods Stores
Outerwear	13.2%	13.2%	12.0%	6.1%	31.7%
Suits/Sport Coats	13.5%	8.8%	33.2%	1.1%	-
Slacks/Jeans/Other Pants	26.5%	28.5%	20.7%	30.9%	11.1%
Shirts	18.8%	21.6%	19.7%	17.5%	6.2%
Sweaters/Other Tops	13.0%	10.5%	10.0%	14.6%	24.6%
Activewear/Fleecewear	6.0%	5.4%	1.7%	9.5%	21.9%
Underwear/Nightwear	5.2%	7.9%	1.5%	11.1%	0.9%
Socks	3.9%	4.1%	1.2%	9.2%	3.6%
TOTAL	100%	100%	100%	100%	100%

Jeans at a half a billion dollars in annual sales is the largest single end use for men's apparel. Together the ten largest end uses account for two-thirds of total men's sales.

MEN'S APPAREL
1992

Largest End Uses/Dollar Sales (000)



The largest merchandise category for women's apparel is tops (sweaters, blouses, knit jerseys, t-shirts, etc) accounting for almost $2.2 billion dollars in sales. Since 1990, no women's merchandise category has registered an increase in sales while the three hardest hit categories of outerwear, dresses and skirts/blazers/suits have each shown almost a 30% decrease in annual sales levels.

WOMEN'S APPAREL SALES

Estimated Retail Dollar Sales (000)

Merchandise Category	1989	1990	1991	1992	% Change 1990/1992
Outerwear	$1,340,703	$1,249,442	$1,040,419	$862,916	-31%
Dresses	$798,047	$756,896	$615,431	$514,917	-32%
Skirts/Blazers/Suits	$1,599,183	$1,775,059	$1,469,188	$1,280,778	-28%
Slacks/Jeans/Other Pants	$1,245,956	$1,404,992	$1,321,342	$1,368,776	-3%
Tops	$2,292,608	$2,495,405	$2,160,595	$2,254,420	-8%
Fleecewear/Activewear	$387,464	$423,678	$387,581	$380,988	-10%
Foundations	$257,379	$315,895	$278,044	$298,363	-6%
Daywear	$204,228	$222,763	$197,918	$221,396	-1%
Sleepwear	$284,813	$285,240	$241,667	$258,674	-9%
Hosiery	$44,145	$442,377	$406,842	$428,931	-3%
TOTAL	$8,868,488	$9,388,452	$8,134,800	$7,889,676	-16%

Over the past five years, outerwear and dresses have decreased in importance in the women's wardrobe while pants and foundations have increased in importance. The growth in the women's pant category is attributable to the growth of women's shorts.

WOMEN'S APPAREL SALES
Retail Dollar Sales

Merchandise Mix

Merchandise Category	1988	1989	1990	1991	1992
Outerwear	14.9%	15.2%	13.6%	12.9%	11.1%
Dresses	10.1%	9.0%	8.2%	7.6%	6.6%
Skirts/Blazers/Suits	17.1%	18.3%	18.6%	18.2%	16.4%
Pants	13.9%	14.3%	15.2%	16.4%	17.5%
Tops	26.0%	25.9%	27.0%	26.8%	28.9%
Activewear	4.6%	4.5%	4.6%	4.8%	4.9%
Foundations	3.1%	3.0%	3.4%	3.5%	3.8%
Daywear	2.6%	2.4%	2.5%	2.5%	2.8%
Sleepwear	3.6%	3.3%	3.0%	3.2%	3.3%
Hosiery	4.1%	4.0%	3.8%	4.0%	4.4%
TOTAL	100%	100%	100%	100%	100%

In examining the women's merchandise mix patterns by retail channel the following categories are overdeveloped:

Department Stores - Outerwear, Foundations, Daywear, Sleepwear, Hosiery
Women's Specialty Stores - Dresses, Skirts/Blazers/Suits, Tops
Discount Stores - Pants, Activewear/Fleecewear, Foundations, Daywear, Sleepwear, Hosiery
Sporting Goods Stores - Outerwear, Tops, Activewear/Fleecewear

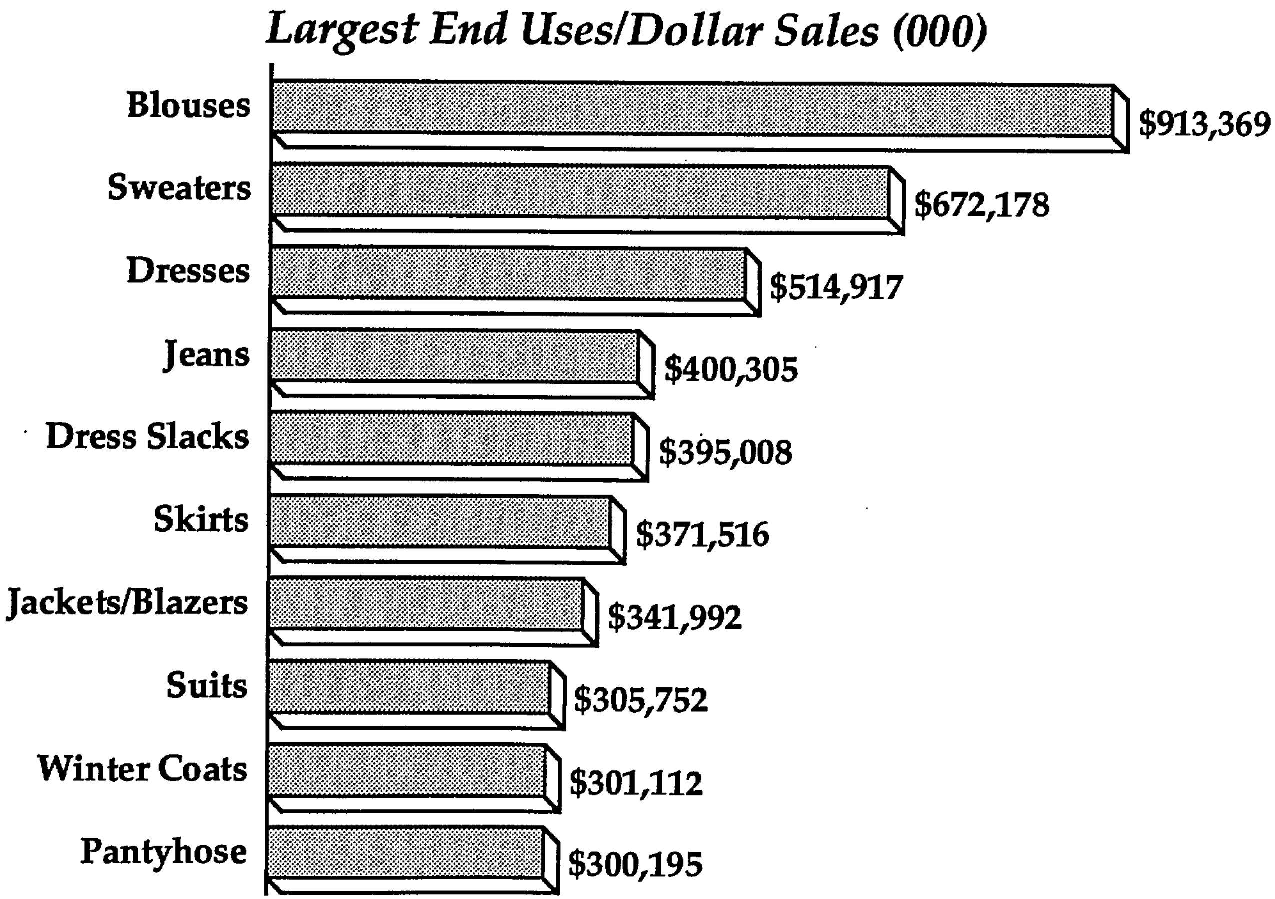
WOMEN'S APPAREL SALES
Retail Dollar Sales

1992 Merchandise Mix

Merchandise Category	Total Market	Department Stores	Women's Specialty Stores	Discount Stores	Sporting Goods Stores
Outerwear	11.1%	12.4%	10.4%	7.6%	23.6%
Dresses	6.6%	5.9%	9.7%	2.0%	-
Skirts/Blazers/Suits	16.4%	13.7%	24.1%	5.9%	2.6%
Pants	17.5%	14.8%	17.0%	18.6%	17.5%
Tops	28.9%	26.2%	31.1%	29.2%	32.7%
Activewear/Fleecewear	4.9%	4.4%	3.1%	7.5%	20.1%
Foundations	3.8%	7.2%	1.1%	8.5%	-
Daywear	2.8%	4.8%	0.8%	6.6%	-
Sleepwear	3.3%	5.3%	1.5%	6.2%	-
Hosiery	4.0%	5.1%	1.0%	7.7%	2.5%
TOTAL	100%	100%	100%	100%	100%

Blouses are the single largest end use for women's apparel while in 1986, dresses were the largest end use. Together the ten largest end uses account for 57% of total women's sales.

WOMEN'S APPAREL
1992



In the women's apparel market the difference between the average total price (regular and sale goods) and the average regular price (non-sale items) ranges from 20-50% with 30% being the average for all women's apparel.

WOMEN'S APPAREL

1992

	Average Total Price (1)	*Average Regular Price* (2)	
End Use	Total Market	Total Market	% Difference
Fall/Spring Jackets	$54.55	$64.90	19%
Dresses	$57.51	$87.54	52%
Skirts	$32.51	$43.74	35%
Jeans	$31.80	$40.80	28%
Dress Slacks	$29.64	$36.44	23%
Shorts	$16.67	$21.76	30%
Blouses	$26.10	$33.93	30%
T-Shirts	$12.42	$15.96	29%
Sweaters	$29.46	$38.31	33%
Sweat Shirts	$20.00	$27.27	36%
Bras	$14.00	$16.32	17%
Nightgowns	$15.44	$19.41	26%
Pantyhose	$2.26	$2.73	21%

(1) Includes promotional goods
(2) Excludes promotional goods

The differences in the average prices in the men's area are slightly smaller. In general in both the men's and women's market, the differences between the average total price and the average regular price are smallest for commodity type products (e.g., undershorts, bras, socks etc.).

MEN'S APPAREL

1992

	Average Total Price(1)	*Average Regular Price*(2)	
End Use	Total Market	Total Market	% Difference
Fall/Spring Jackets	$44.89	$49.79	11%
Sport Coats	$115.97	$132.30	14%
Jeans	$31.98	$39.88	25%
Dress Slacks	$36.69	$46.24	26%
Sweaters	$27.70	$40.20	45%
Dress Shirts	$21.55	$30.67	42%
Sport Shirts	$20.74	$27.31	32%
T-Shirts	$12.40	$15.98	29%
Sweat Shirts	$22.06	$26.24	19%
Undershorts	$3.62	$4.26	18%
Dress Socks	$3.17	$3.70	17%

(1) Includes promotional goods
(2) Excludes promotional goods

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In comparing the average prices for individual women's end uses against the average price for the total market, a number of patterns emerge:

- Department stores pricing is not consistent even though their average prices are closer to a specialty store than a discount store
- Specialty stores prices are 15-30% above the average market price
- Discount stores on average retail their product for 30-50% less

WOMEN'S APPAREL

1992

	Average Total Price (1) *% Difference*			*Average Regular Price* (2) *% Difference*		
End Use	Department Stores	Specialty Stores	Discount Stores	Department Stores	Specialty Stores	Discount Stores
Fall/Spring Jackets	+2	+12	-49	+5	+3	-44
Dresses	-21	+21	-58	-29	+26	-58
Skirts	-10	+16	-52	-12	+24	-56
Jeans	+1	+13	-33	+3	+13	-36
Dress Slacks	-7	+27	-44	-13	+34	-44
Shorts	+2	+22	-43	-6	+32	-43
Blouses	+3	+17	-43	-4	+29	-45
T-Shirts	+16	+10	-28	+13	+21	-31
Sweaters	-2	+23	-43	-8	+25	-44
Sweat Shirts	-8	+26	-38	-17	+26	-38
Bras	+8	+39	-21	+9	+38	-30
Nightgowns	+34	+25	-32	+35	+26	-33
Pantyhose	+28	+19	-39	+22	+16	-43

(1) Includes promotional goods
110-59 *(2) Excludes promotional goods*

The overall pricing patterns for men's apparel are similar to women's, even to the degree that the department stores' pricing for commodity items seems to be considerably higher than for fashion products.

MEN'S APPAREL

1992

	Average Total Price (1) % Difference			*Average Regular Price (2) % Difference*		
End Use	Department Stores	Specialty Stores	Discount Stores	Department Stores	Specialty Stores	Discount Stores
Fall/Spring Jackets	+7	+31	-48	-12	+54	-28
Sport Coats	-30	+21	N. A.	-29	+24	N. A.
Jeans	-12	+21	-32	+11	+9	-28
Dress Slacks	-3	+20	-45	-4	+22	-46
Sweaters	+2	+29	-47	-3	+22	-46
Dress Shirts	-3	+30	-47	-15	+39	-53
Sport Shirts	+2	+23	-38	+4	+23	-42
T-Shirts	+13	+18	-34	+10	+18	-29
Sweat Shirts	+10	+17	-29	+11	+13	-24
Undershorts	+36	+58	-29	+43	+36	-31
Dress Socks	+28	+53	-40	+33	+45	-38

(1) Includes promotional goods
(2) Excludes promotional goods

110-57

Over the past two years, because of a number of factors, retail prices have, on average, either declined or only marginally increased.

WOMEN'S APPAREL

End Use	*Average Total Price*[1] 1990	1991	1992
Fall/Spring Jackets	$62.75	$60.20	$54.55
Blazers/Jackets	$70.40	$68.76	$61.05
Dresses	$63.86	$57.20	$57.51
Skirts	$36.82	$35.21	$32.51
Dress Slacks	$31.70	$29.54	$29.64
Jeans	$30.29	$31.44	$31.80
Shorts	$16.16	$17.34	$16.67
Blouses	$27.94	$26.88	$26.10
Swimsuits	$29.61	$31.77	$30.17
Sweaters	$28.62	$27.67	$29.46
Sweat Shirts	$20.04	$20.30	$20.00
Bras	$13.16	$12.99	$14.00
Nightgowns	$15.42	$15.11	$15.44
Pantyhose	$2.07	$2.15	$2.26
Sport Socks	$1.86	$1.57	$1.72

(1) Includes promotional goods

110-71

The increasing competitive nature of the Canadian retail market coupled with the consumer's willingness to trade down and shun high profile brand names should insure that future price increases will be negligible.

MEN'S APPAREL

	Average Total Price (1)		
End Use	**1990**	**1991**	**1992**
Fall/Spring Jackets	$42.98	$44.32	$44.89
Suits	$201.59	$255.27	$233.38
Sport Coats	$107.21	$112.86	$115.97
Dress Slacks	$34.74	$38.97	$31.98
Jeans	$29.14	$29.38	$39.69
Shorts	$15.38	$15.99	$17.29
Sweaters	$26.17	$25.37	$27.70
Dress Shirts	$19.75	$20.99	$21.55
Sport Shirts	$19.82	$19.99	$20.74
Knit Shirts	$15.16	$16.12	$15.42
Sweat Shirts	$19.42	$22.10	$22.06
Swimsuits	$15.59	$14.10	$15.01
Robes	$42.98	$38.46	$40.86
Undershorts	$3.27	$3.42	$3.62
Sport Socks	$1.78	$1.78	$1.69

(1) Includes promotional goods

On average, the prices charged for apparel are significantly higher in Canada than the United States. A number of explanations for the difference have been offered, including:

- Canadian retailers work on higher margins
- Canadian retailers pay higher taxes
- The Canadian distribution system is not as efficient
- Canadian retailers utilize more wholesalers as opposed to going direct.
- Retail competition in Canada is not as intense
- Canadian retailers do not have the economies of scale of U. S. retailers.

WOMEN'S APPAREL

1992

	Average Total Price[1]		
End Use	Canada	United States[2]	% Difference
Blazers/Jackets	$61.05	$47.26	+29%
Dresses	$57.51	$49.65	+16%
Skirts	$32.51	$23.43	+39%
Jeans	$31.80	$23.14	+37%
Shorts	$16.67	$14.45	+15%
Blouses	$26.10	$19.95	+31%
Swimsuits	$30.17	$30.13	-%
Sweaters	$29.46	$25.32	+16%
Sweat Shirts	$20.00	$13.98	+43%
Bras	$14.00	$10.47	+33%
Nightgowns	$15.44	$15.02	+3%
Pantyhose	$2.26	$2.46	-8%

(1) Includes promotional goods
(2) Converted at $1.17 Canadian dollar to one U. S. dollar

110-68

The large difference in average prices between the two countries has resulted (until the devaluation of the Canadian dollar) in increased cross border shopping.

MEN'S APPAREL

1992

	Average Total Price[1]		
End Use	Canada	United States[2]	% Difference
Suits	$233.38	$195.95	+19%
Sport Coats	$115.97	$99.53	+17%
Jeans	$31.98	$23.34	+37%
Shorts	$17.29	$15.40	+12%
Sweaters	$27.70	$24.02	+15%
Dress Shirts	$21.55	$19.56	+10%
Sport Shirts	$20.74	$18.04	+15%
Knit Shirts	$15.42	$13.08	+18%
Sweat Shirts	$22.06	$16.80	+31%
Swimsuits	$15.01	$13.38	+12%
Robes	$40.86	$32.51	+26%

(1) Includes promotional goods
(2) Converted at $1.17 Canadian dollar to one U. S. dollar

110-67

Prior to 1992 promotional activity had been increasing in the Canadian apparel market. In 1991 Eaton's along with a number of other retailers, began to utilize an everyday low price strategy and as a result, the absolute level of promotional activity began to fall in 1992.

TOTAL APPAREL

Percent of Units Sold on Sale [1]

	1989	1990	1991	1992
Women's Apparel	55.5%	56.3%	57.6%	56.6%
Men's Apparel	60.1%	62.7%	61.6%	59.3%
Juvenile Apparel	55.5%	55.4%	55.9%	54.9%

(1) Based on consumer perception

The trend in men's apparel promotional activity in department stores has mirrored the women's market. However, after increasing for the past three years, promotional activity in apparel specialty stores fell in 1992. Promotional activity for men's apparel in discount stores has remained relatively constant over the past two years.

MEN'S APPAREL

Percent of Units Sold on Sale

	1989	1990	1991	1992
Total Men's Apparel	60.1%	62.7%	61.6%	59.3%
Department Stores	62.3%	64.6%	62.7%	60.2%
Apparel Specialty Stores	56.2%	61.1%	63.4%	58.9%
Discount Stores	62.3%	64.4%	62.3%	62.3%

Clearly the decrease in promotional activity in the women's market in 1992 was due to a continued downward incidence of promotional activity in department stores. Apparel specialty stores, especially the women's chains have, since 1989, continued to become more promotional.

WOMEN'S APPAREL

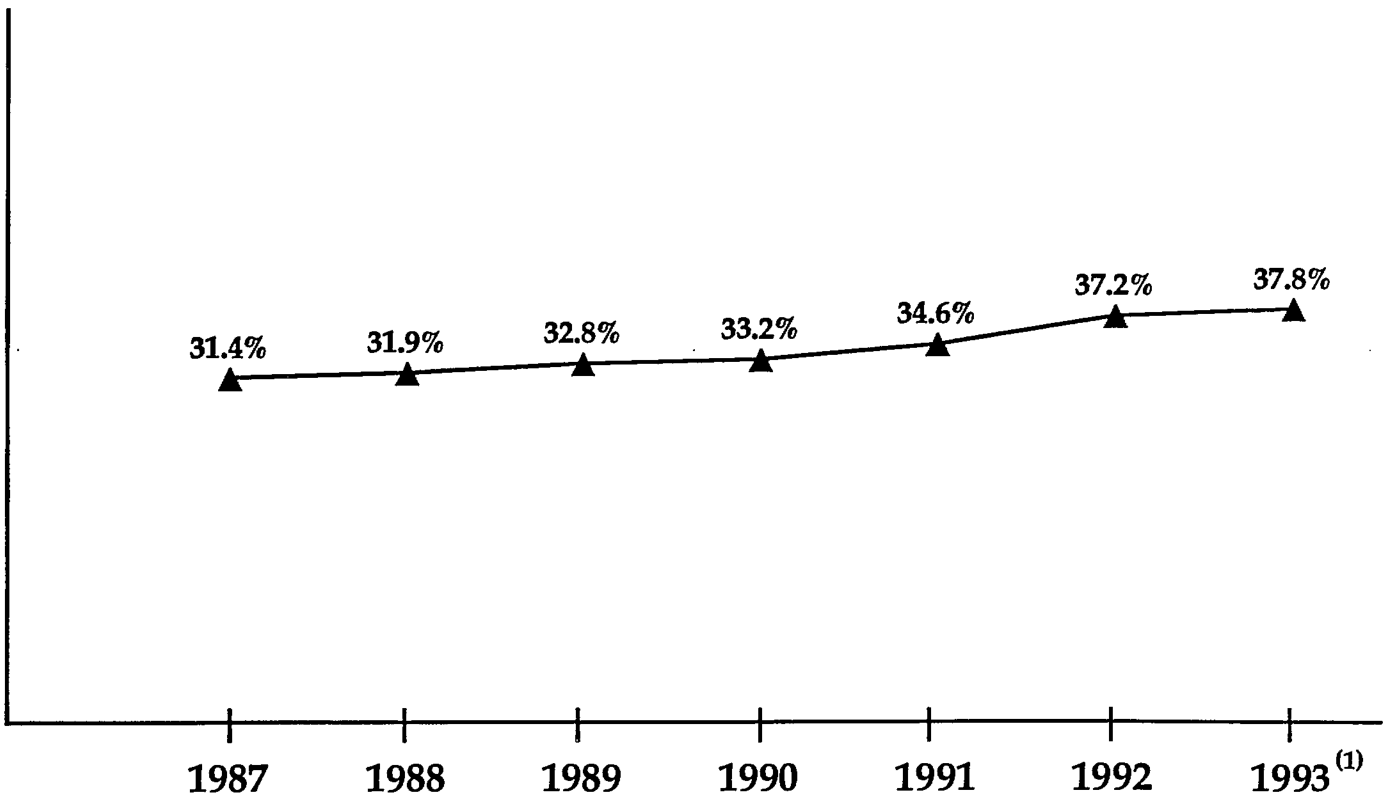
Percent of Units Sold on Sale

	1989	1990	1991	1992
Total Women's Apparel	55.5%	56.3%	57.6%	56.6%
Department Stores	58.0%	59.4%	57.3%	55.8%
Apparel Specialty Stores	60.7%	62.3%	63.2%	64.9%
Discount Stores	53.7%	54.2%	57.6%	55.8%

Since 1987 imports' share of the Canadian apparel market has risen steadily. After relatively consistent yearly increases from 1987-1990 there was a very large increase in imports in 1991, coinciding with the first year of the United States-Canada Free Trade Agreement. Since 1991 the annual rate of increase has remained constant.

IMPORTS AS A PERCENT OF TOTAL APPAREL SALES

Units



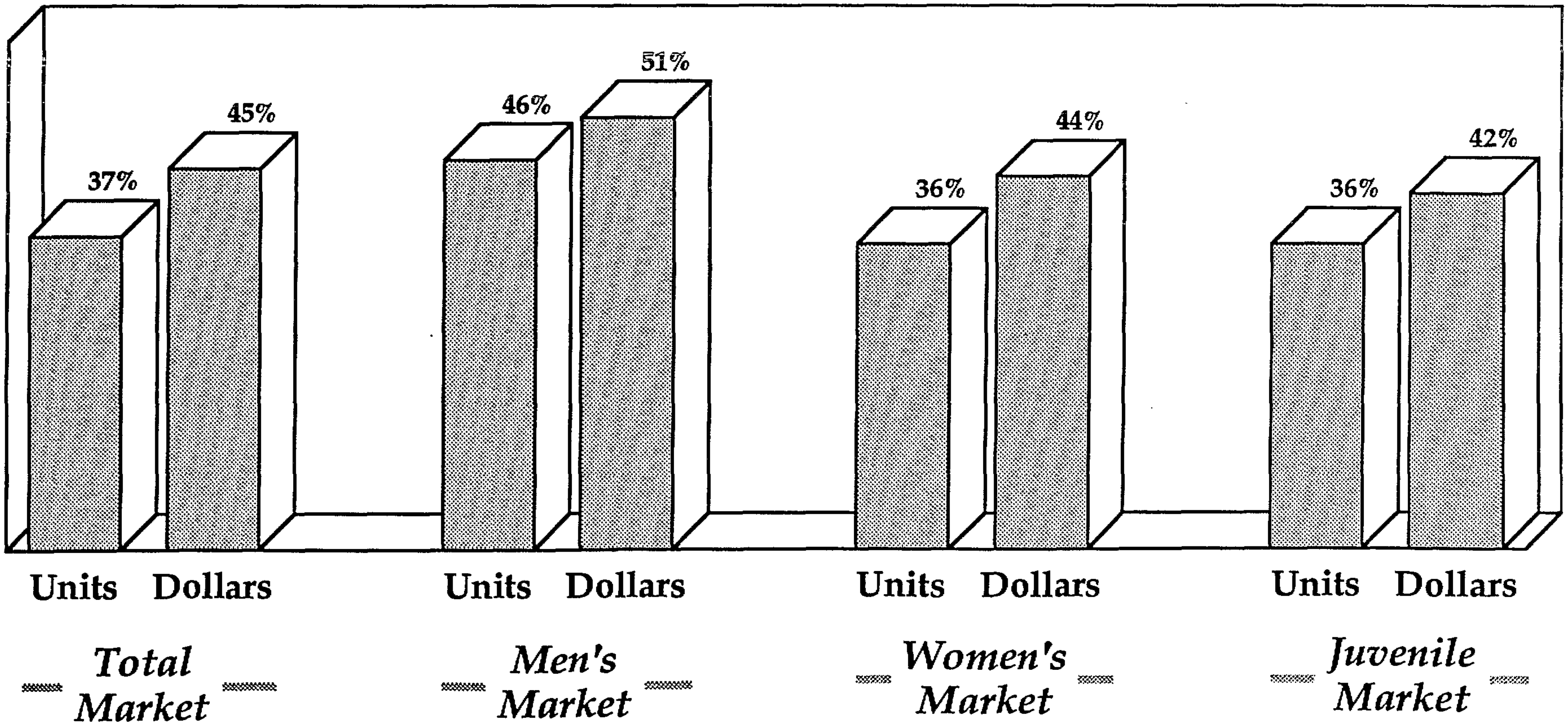
(1) October 1992 - September 1993

110-26

In terms of both units and dollars imports have their largest share of the men's market. It is also interesting to note that imports have a higher share of dollar sales than unit sales. Part of the explanation is due to the fact that most outerwear which has a high average price is imported, while most pantyhose which accounts for a large number of units is domestically produced.

IMPORTS AS A PERCENT OF SALES

1992



Imports account for a greater proportion of sales in apparel specialty stores than in department or discount stores.

TOTAL APPAREL
1992

Imports as a Percent of Units Sold

	Men	Women	Juvenile
Total Apparel Market	46%	36%	36%
Department Stores	42%	34%	31%
Apparel Specialty Stores	54%	44%	44%
Discount Stores	45%	34%	36%

In the women's segment, imports have their:
Largest share of: Outerwear (66%) and Tops (62%)
Smallest share of: Hosiery (15%) and Skirts/Blazers/Suits (25%)

In the men's segment, imports have their:
Largest share of: Shirts (79%) and Outerwear (66%)
Smallest share of: Socks (26%) and Underwear/Nightwear (34%)

TOTAL APPAREL
1992 Units

Imports Share of Merchandise Category Sales

Women's Apparel	
Outerwear	66%
Dresses	39%
Skirts/Blazers/Suits	25%
Slacks/Jeans/Other Pants	38%
Tops	62%
Fleecewear/Activewear	33%
Foundations	32%
Daywear	38%
Sleepwear	49%
Hosiery	15%

Men's Apparel	
Outerwear	66%
Suits/Sport Coats	44%
Slacks/Jeans/Other Pants	49%
Shirts	79%
Sweaters/Other Tops	59%
Fleecewear/Activewear	43%
Underwear/Nightwear	34%
Socks	26%

Imports share of Canadian outerwear sales had been increasing from 1989 to 1991 but in 1992 began to decrease (with the exception of boys' apparel).

TOTAL OUTERWEAR

Percent of Units Imported

Segment	1989	1990	1991	1992
Men's	63%	66%	72%	66%
Women's	65%	67%	70%	66%
Boys'	68%	69%	70%	77%
Girls'	72%	67%	66%	60%

110-28

In the men's market, imports account for in excess of 80% of the unit sales of raincoats, sport shirts and shorts.

MEN'S APPAREL
1992

Imports Share of Unit Sales

Largest Share	
Raincoats	88%
Sport Shirts	85%
Shorts	81%
Knit Shirts	80%
Fall/Spring Jackets	79%
Pajamas	77%
Casual Pants	73%
Dress Shirts	71%
Robes	69%
Ski Jackets	67%

Smallest Share	
Dress Slacks	32%
Dress Socks	30%
Sport/Athletic Socks	27%
Sweat Shirts	26%
Undershirts	19%
Work Socks	18%
Tube Socks	18%
Thermalwear	8%

While in the women's market imports have their greatest share of car coats and rainwear and their smallest share of bathing suits, pantyhose and slip sales.

WOMEN'S APPAREL
1992

Imports Share of Unit Sales

Largest Share		*Smallest Share*	
Car Coats	80%	Sweat Shirts	29%
Rainwear	79%	Camisoles	28%
Sweaters	69%	Ankle Knee High Socks	27%
Turtleneck Jerseys	69%	Blazers/Jackets	25%
Fall/Spring Coats	67%	Fashion Tights	24%
Nightshirts	64%	Skirts	23%
Blouses	61%	Suits	20%
Pajamas	60%	Sport Socks	20%
		Teddies	17%
		Dress Slacks	17%
		Bathing Suits	15%
		Pantyhose	11%
		Slips	10%

In the girls' market, with the exception of ski jackets, imports do not have a market share greater than 70% of any end use.

GIRLS' APPAREL
1992

Imports Share of Unit Sales

Largest Share	
Ski Jackets	97%
Tank Tops	67%
Winter Coats	66%
Bathing Suits	57%
Sweaters	54%
Turtle Neck Jerseys	52%
Blouses	50%
Fall/Spring Jackets	50%

Smallest Share	
Dresses	25%
Skirts	19%
Culottes	19%
Sweat Shirts	18%
Exercise Tights	18%
Dress Slacks	17%
Nightgowns	16%
Casual Pants	16%
Sport Socks	14%
Jacket/Blazers	11%
Sweat Pants	10%

While in the boys' market five end uses have import rates greater than 70%, while sweat shirts and pants have the lowest rate of import penetration.

BOYS' APPAREL
1992

Imports Share of Unit Sales

Largest Share	
Ski Jackets	92%
Sport Shirts	83%
Swimming Trunks	79%
Dress Shirts	78%
Tank Tops	71%
Knit Shirts	64%
Fall/Spring Jackets	61%

Smallest Share	
Casual Pants	41%
T-Shirts	40%
Dress Socks	36%
Robes	29%
Undershorts	27%
Tube Socks	20%
Sport/Athletic Socks	18%
Sweat Shirts	15%
Sweat Pants	6%

In general, average import rates are the lowest for infant's apparel as the domestic industry has defended its position in underwear and sleepwear from cheap imports.

INFANT'S APPAREL
1992

Imports Share of Unit Sales

Largest Share		*Smallest Share*	
Bathing Suits	78%	Sleepers	30%
Snowsuits	63%	Sweat Shirts	29%
Dresses	55%	Tights	28%
Jogging/Sweat Suits	49%	Pants	21%
Socks	48%	Vests	8%
Jackets	46%	Underwear	6%
Blouses	46%		

Section IX - Terms For Doing Business by Channel of Distribution

A. GLOSSARY

Negotiations between retailers and suppliers are not soley confined to merchandise selection and price. There is a variety of other conditions which must be fulfilled/agreed to before a sale is confirmed.

The following is a list of the more common conditions and terms used in conducting business with retailers in Canada:

- **Payment Terms** : Timing for the payment of suppliers' invoices and discounts taken (if any) by retailers for early payment.

- **Volume Incentive Rebates (VIR)** : Discounts on the wholesale price given to retailers by suppliers for exceeding purchasing/wholesale sales volume over and above agreed to level(s). Such discounts are usually applicable to only the incremental volume achieved.

- **Co-op Advertising Allowance** : Either a straight discount on all purchases given to retailers or a negotiable level of contribution by suppliers in support of the retailers' advertising of suppliers' goods.

- **Warehousing Allowance** : A discount on purchases given to retailers to help offset their warehousing costs.

  Direct-to-store shipments (e.g. automatic replenishment) are not subject to warehousing allowance.

- **Exclusivity** : Refers to either brand(s)/sub-brand(s) or style(s)/pattern(s) and is usually tied to sales volume. Depending on the retailer, an offer of exclusive brand(s)/or style(s) can be highly significant or not at all important.

- **Mark-up** : Retailers' gross margin.

- **Sustained Margin** : Retailers' margin after mark-downs and clearances.

- **GMROI** : Gross margin return on inventory (invested) is a measure of performance - gross margin dollars divided by the cost of inventory.

- **Store Support** : 1. Fixturing - Suppliers provide the fixtures at the store level. Usually acceptable either upon approval or on a participatory (financial) basis.

  2. Stock Counting - Counting of inventory at the retail level by an agency on behalf of one or more suppliers. Still being performed but slowly being replaced by electronic capturing at point of sale.

  3. Shop Concepts - Retail space allocated to a supplier of branded merchandise. These shops can be either fully enclosed spaces or open concepts against one wall.

- **Brand Support** : 1. Consumer Advertising - National brand advertising undertaken by a supplier independently.

  2. Point-of-Purchase - Posters, counter cards and any such promotional brand support at the retail level.

In many cases, the terms for doing business are outlined in a negotiated marketing agreement between a retailer and a supplier.

Retailers' requirements of their manufacturing sources vary not only by channel of distribution but also within channel.

	Retailers' Key Requirements		
Key Requirement	*Department*	*Specialty*	*Discount*
• Payment Terms	Vary from 2%, 10, Net 30 to 4%, 15 Net 120	Vary from 2%, 10, Net 30 to Net 90	Vary from 2%, 10, Net 30 to Net 60 - 90
• Volume Incentive Rebates	Negotiable 0% - 3%	Negotiable 3% - 4%	Negotiable 0% - 5%
• Co-op Advertising	Negotiable -3% - 4% of wholesale $ or 50% - 100% of advertising cost	Negotiable 2% - 5% of wholesale $	Negotiable 2% - 5% of wholesale $ or 50% - 100% of advertising cost
• Warehousing Allowance	Up to 4%	1% - 3%	Up to 5%
• Mark-up	50% - 60%	55% - 60%	40% - 55%

Retailers' Key Requirements

Key Requirement	*Department*	*Specialty*	*Discount*
• Sustained Margin	40% - 50%	40% - 50%	30% - 50%
• Store Support			
- Fixturing	Varies	Not usual	Varies
- Stock Counting	Varies	Not usual	Varies
- Shop Concepts	Very receptive	Not usual	Not usual
• Brand Support			
- Consumer Advertising	Yes, depending on commodity	Important	Yes, depending on commodity
- Point-of-Purchase	Requires prior approval	Important yet with approval	Important
• Exclusivity	Varies	Not Important	Varies
• Markdown Allowance	Negotiable	No	Varies
• Ticketing	Increasing Importance	Varies by type of retailer	Increasing Importance

Section X - Role of Technology in Apparel Retailing

A. DEFINITIONS

- **Quick Response (QR)**: A mode of operation in which a supplier or retailer strives to provide products to its customers in the precise quantities, variations and time frames they require.

  The essence of QR is shortening the cycle time of the soft goods chain, from fiber production through the retail point of sale.

  The QR focus is on:
  - More rapid movement of the right merchandise down the supply pipeline, in response to
  - Better information on consumer demand moving back up the pipeline.

- **Electronic Data Interchange (EDI)**: Electronic and computer systems linkage between "partners" (e.g. suppliers and retailers) providing two-way "paperless" communication.

- **Automatic Replenishment** : Also know as "Pull" system, this is an arrangement between retailers and suppliers whereby retailers transmit orders (of non-fashion merchandise) to their vendors by computer when a minimum inventory level is reached.

  The suppliers receive the orders on their computers and replenish the product within a predetermined period of time (e.g. several days to a couple of weeks).

- **Vendor/Retailer Partnerships** : Interdependent relationships based upon a commitment to profitability for both parties.

The evolution of vendor/retailer partnerships started in the early to mid '80s with the birth of quick response and has evolved through three stages of development.

PHASE I
Mid 1980s
New Electronic Technology

- UPC codes
- Bar coding
- Scanners:
  - Check-out counters
  - Storerooms & distribution centres

PHASE II
Late 80s - Early 90s
New Electronic Technology

- EDI
  - Purchase orders
  - Advance shipping notice
  - Point-of-Sale
  - Electronic fund transfers
- Auto-replenishment
  - Inventory management of basic commodities

PHASE III
Early - Mid 90s
New Electronic Technology

- Growing interdependence between suppliers and retailers using both electronic and cooperative relationships
  - Narrower vendor base with larger retail commitments
  - Extensive use of "electronic linkages"
  - Integration of retailers' and suppliers' merchandise planning systems
  - Teamwork

- Canada currently lags the United States by about 3 to 5 years in developing quick response partnerships due to the following:

  - Financial constraints imposed by the consumer recession has slowed the investment in systems (hardware and software) by retailers.
  - The commitment/trust level between retailers and suppliers is not yet at the required level for a win-win relationship.

- The progress of "electronic linkages" varies by retailer and supplier. Selected leading retail companies in both EDI and automatic replenishment include:

  - Eaton's
  - Sears
  - Hudson Bay
  - K-Mart

- Key issues influencing quick response partnerships:

  - The retail customer base in Canada has shrunk.
  - Most retailers have experienced losses/reduced profits over the past three years.

- The key issues influencing quick response partnerships (continued):

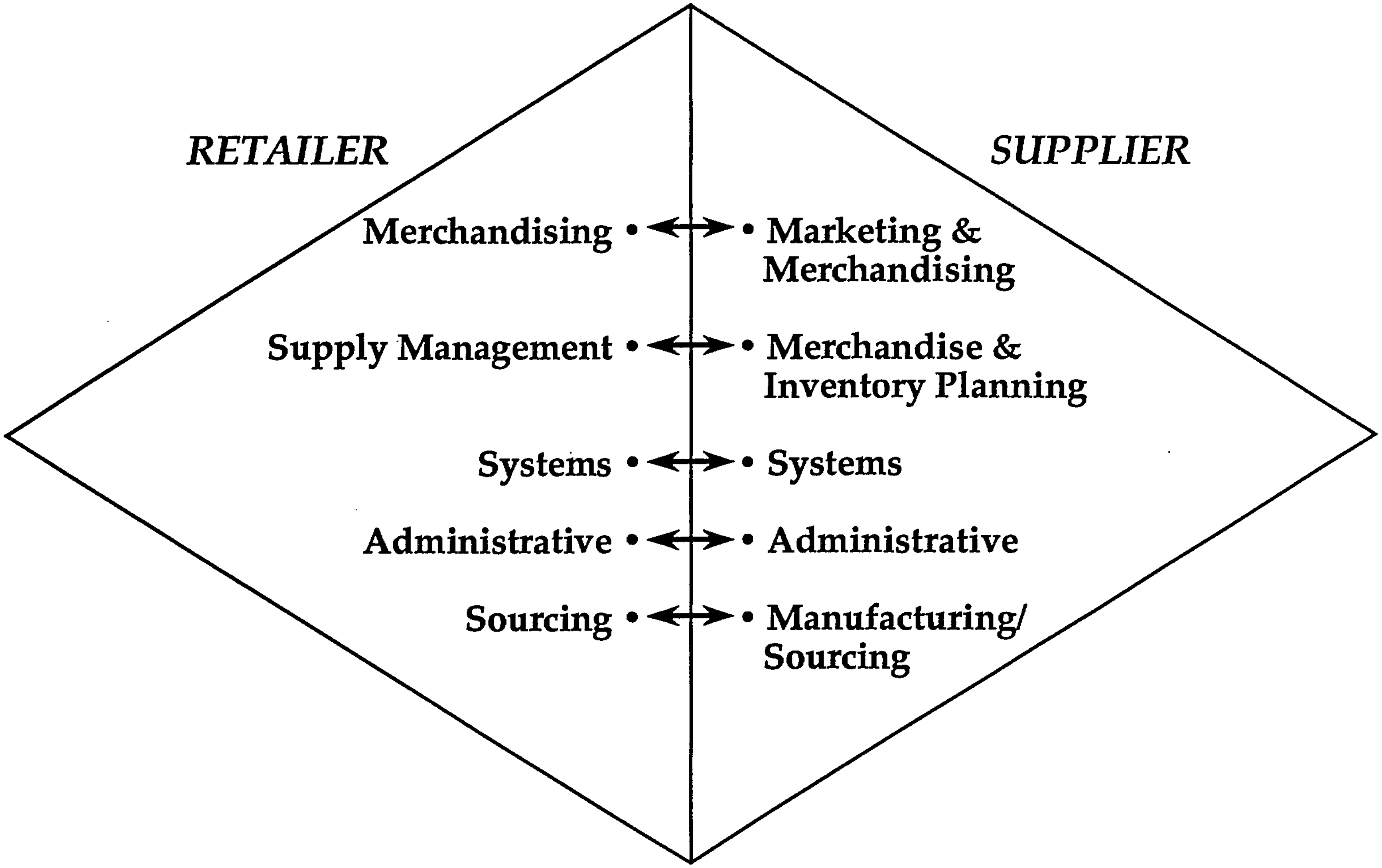
  - Modest growth in apparel sales is expected over the next 3 to 5 years.
  - Retailers are moving to a narrower vendor base to improve their efficiency and lower transition costs.

- The implications emerging from the above issues:

  - The negotiating power of existing retailers is increasing.
  - Retailers are looking to their key suppliers for survival and growth.
  - Key suppliers will obtain larger orders from their key customers.
  - Barriers to entry for marginal and new vendors will increase.

- The formation of these relationships is driven by retailers. Most progressive retailers and suppliers are negotiating fully integrated plans with the involvement of personnel from different functional areas (i.e., marketing, merchandising, production/sourcing, inventory planning, finance) because partnerships affect all aspects of a business. As a result, retailer/supplier joint planning teams are being formed (as depicted by the configuration on the following page) dedicated to fostering the success of these partnerships.

SCHEMATIC EXAMPLE OF A PARTNERSHIP TEAM



- Retailers' requirements of their suppliers include:

  - EDI readiness
  - Risk sharing in markdowns/clearouts
  - Inventory holding
  - Brand/pattern exclusivity
  - Flexibility in product purchasing
  - Increased communication at all functional levels

- Suppliers are reviewing the conditions for partnerships. Influencing factors include:

  - Size and type of customer
  - Volume of business with specific retailers
  - The extent/cost of service involved/required
  - Alternative options (e.g. forward integration to retail, exports, etc.)

- On the other hand, the extent to which a supplier can negotiate a partnership arrangement from a position of strength depends on such factors as:

- Sales Concentration : The supplier's degree of dependence on one or more customers and the significance of the supplier to the customer(s).

- Responsiveness: The ability to improve inventory turns and customer service through electronic linkages and merchandise planning systems.

- Marketing Sophistication : Marketing driven companies understanding and applying segmentation principles, with strong brands and well-researched products/styles aimed at addressing specific consumer needs.

- Teamwork : The ability to improve communication and increase contact between supplier and retailer in order to improve the partnership's effectiveness and avoid duplication.

• Implications emerging from the above suggest that:

- Most apparel suppliers who are able to meet a retailers' requirements and strike equitable deals with major retailers are generally larger manufacturers.

- For smaller suppliers to have successful partnership arrangements with major retailers, they must demonstrate a competitive advantage such as speed, quality, flexibility or product uniqueness.

- A few large suppliers may refuse to meet retailers' demands and as a result vacate existing markets to pursue alternative avenues of survival and growth.

The rapidly changing nature of technology and its effect on the retail/supplier relationship means that suppliers will be reviewing their account strategies for the mid nineties.

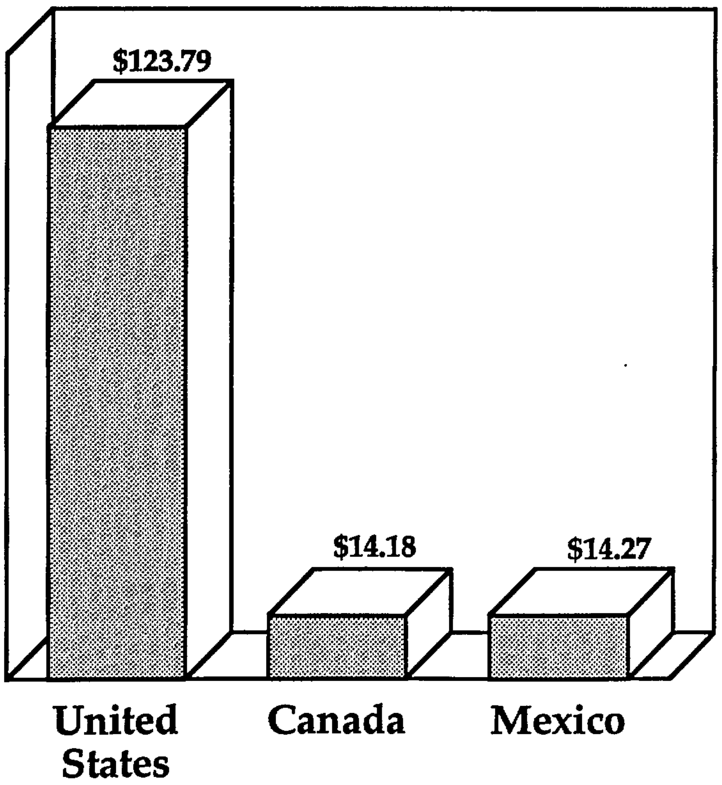
Section XI - Comparison of Canadian and United States Retailing Patterns

Although Canada's population is one tenth the size of the United States' market, the Canadian retail apparel market at $14.2 billion in one ninth the size. The explanation for the difference is that per capita annual expenditures for clothing in Canada is 10% greater than the United States.

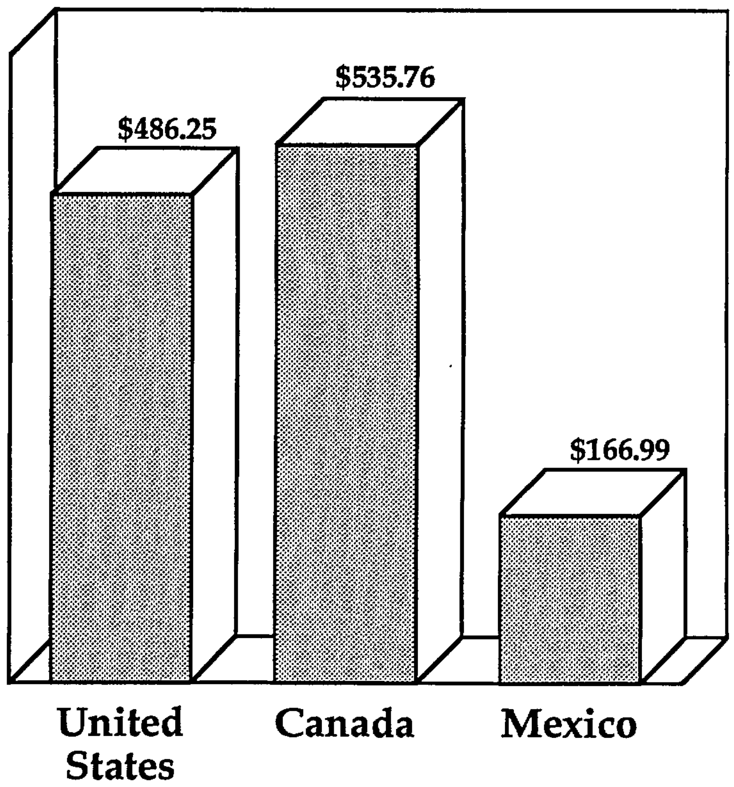
TOTAL APPAREL MARKET[2]

1992 (Canadian Dollars)[1]

Market Size Estimates (Billions of Dollars)



Per Capita Annual Expenditures For Apparel



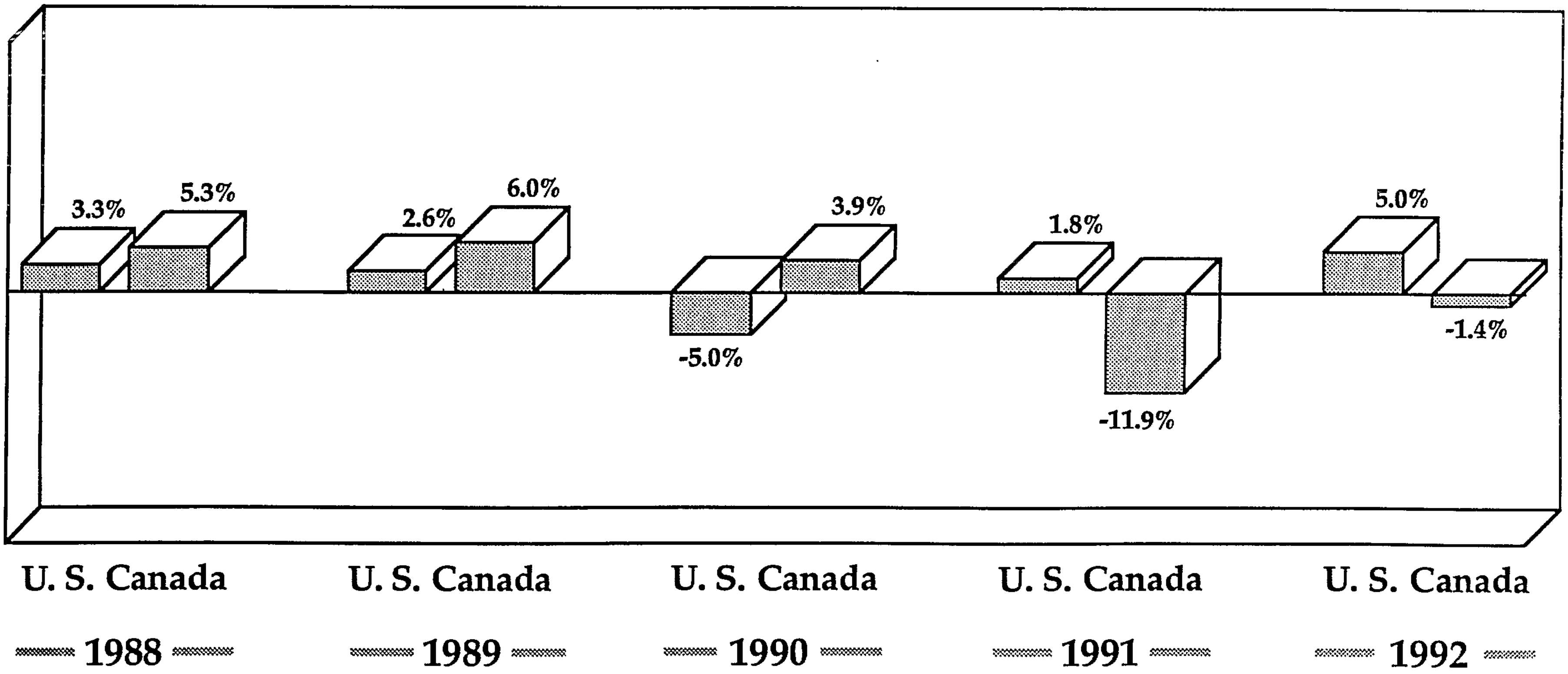
(1) $1.17 Canadian dollars to one U. S. dollar

110-47 *(2) Excludes accessories*

From 1988 to 1990 the Canadian clothing market grew at a faster rate than the United States market. However beginning with the recession of 1991, Canada's clothing market has underperformed the United States' market.

TOTAL APPAREL SALES

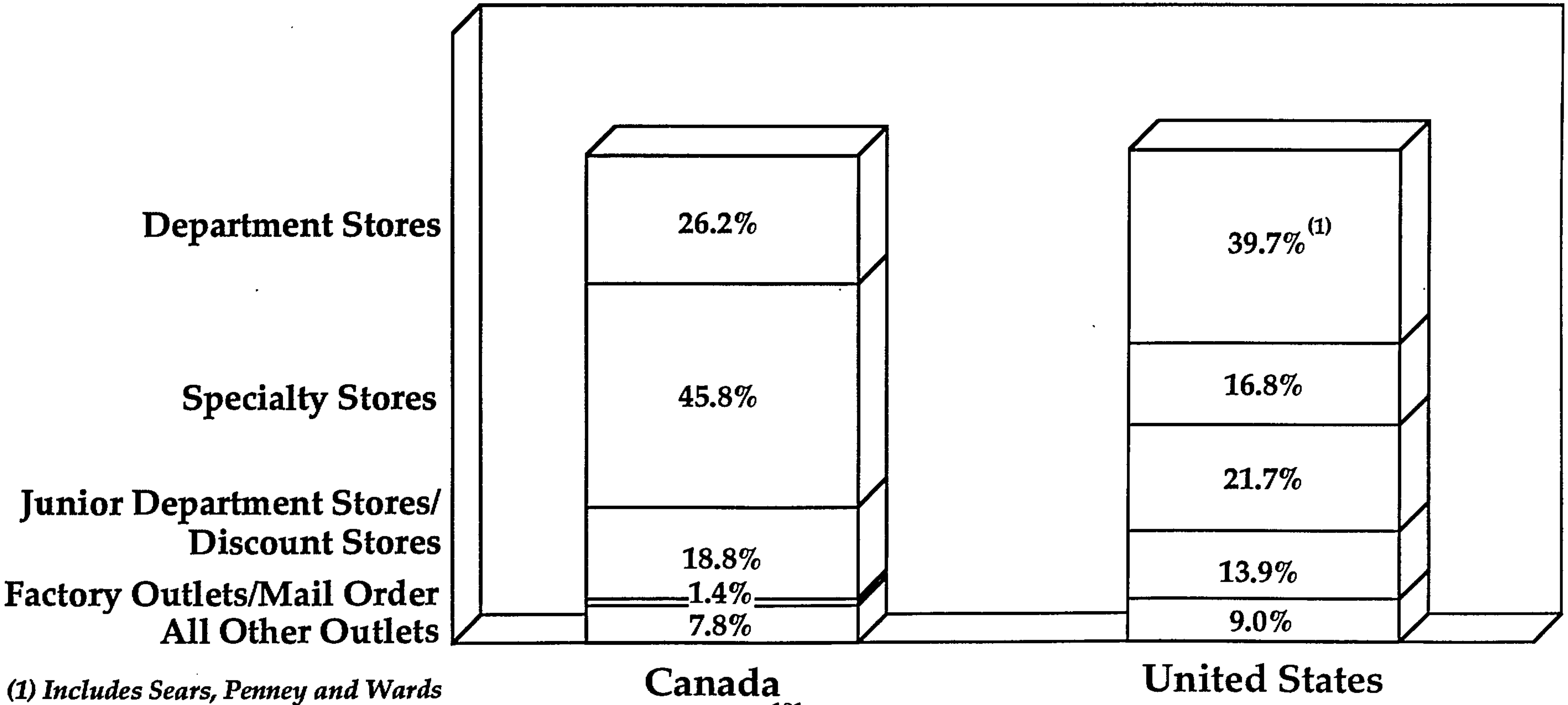
Percent Change in Dollar Sales From Previous Year



There are a number of differences in the retail channels of distribution for apparel between the United States and Canada. In general, Canada's structure is far less fragmented as Canada lacks either mail order or factory outlet retailers. Overall, department and discount stores have a larger share of the United States' market than the Canadian market, whereas apparel specialty stores have over twice the market share in Canada than they have in the United States.

TOTAL APPAREL
1992

Retail Dollar Market Share



(1) Includes Sears, Penney and Wards

110-10

Over the period 1991 - 1992 retail channels gaining share included factory outlets, discount stores and sporting goods stores. Losing market share over the same period were department stores and apparel specialty stores.

UNITED STATES TOTAL APPAREL

Retail Dollar Market Share

Retail Channels	1990	1991	1992	% Change in Sales 1991/1992
Department Stores[1]	33.9%	33.7%	33.4%	+4.0%
Sears/Wards	6.2%	6.4%	6.3%	+3.4%
Discount Stores	20.4%	21.7%	21.9%	+6.5%
Apparel Specialty Stores	18.4%	17.1%	16.8%	+3.0%
Factory Outlets	8.0%	8.5%	8.9%	+11.0%
Catalog/Mail Order	5.2%	5.2%	5.0%	+1.8%
Variety Stores	0.7%	0.6%	0.5%	-1.8%
Sporting Goods/Athletic Supply	1.0%	1.3%	1.4%	+12.7%
All Other Outlets	6.2%	5.8%	4.8%	+5.3%
TOTAL	100%	100%	100%	+5.0%

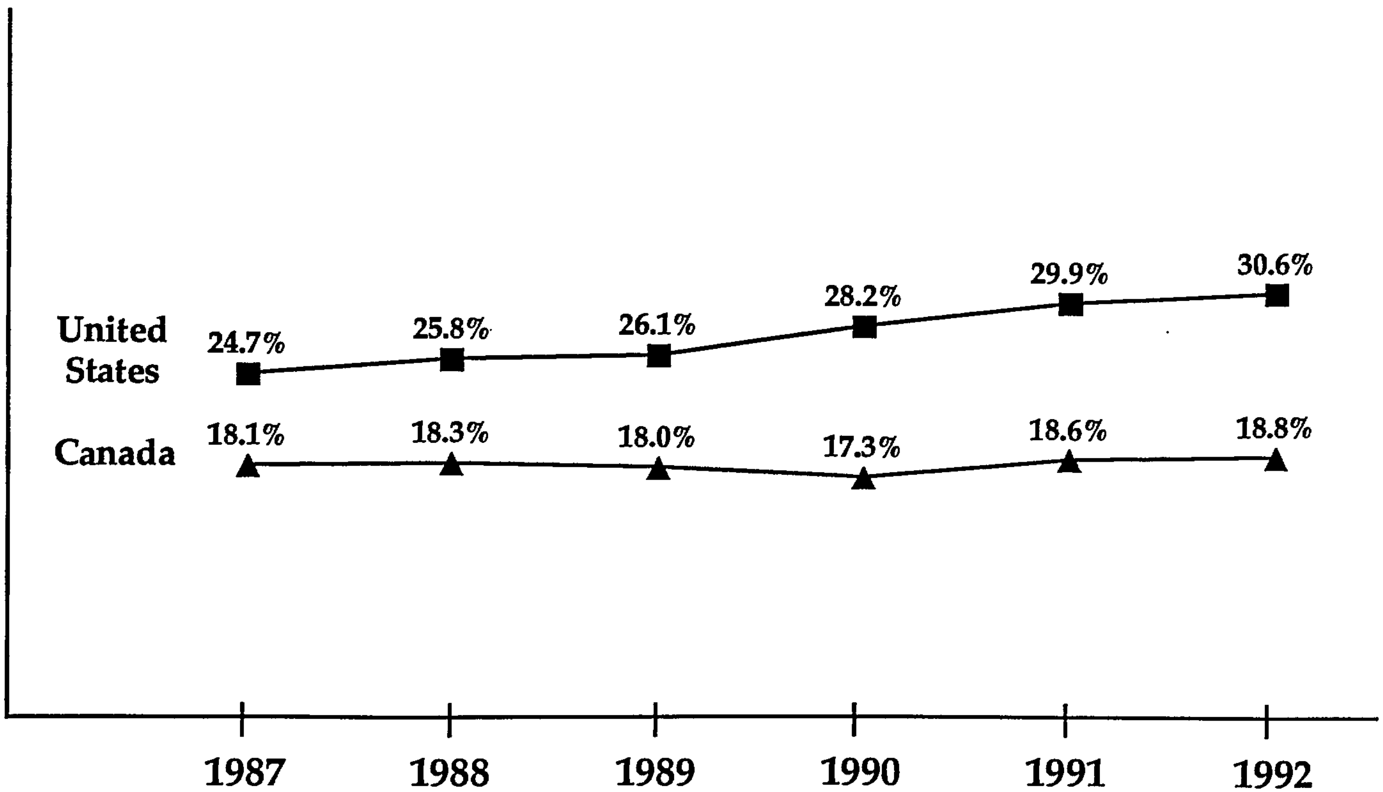
(1) Includes J. C. Penney

110-64

Although with the onset of the 1991 recession, Canadian off price retailers have begun to increase their market share, their collective performance has lagged behind their United States' counterparts. Part of the performance of this segment in the United States is attributable to the increase in the number of retail doors for both factory outlets and Wal-Mart.

TOTAL APPAREL
Off Price Retailers' Share of Sales

(Junior Department Stores, Discount Stores and Factory Outlets)



In the United States department stores, mail order outlets and apparel specialty stores have a larger share of adult apparel than juvenile apparel while Sears/Wards and discount stores have larger shares of the boys' and girls' market than the adult market.

UNITED STATES

1992 Retail Dollar Market Share

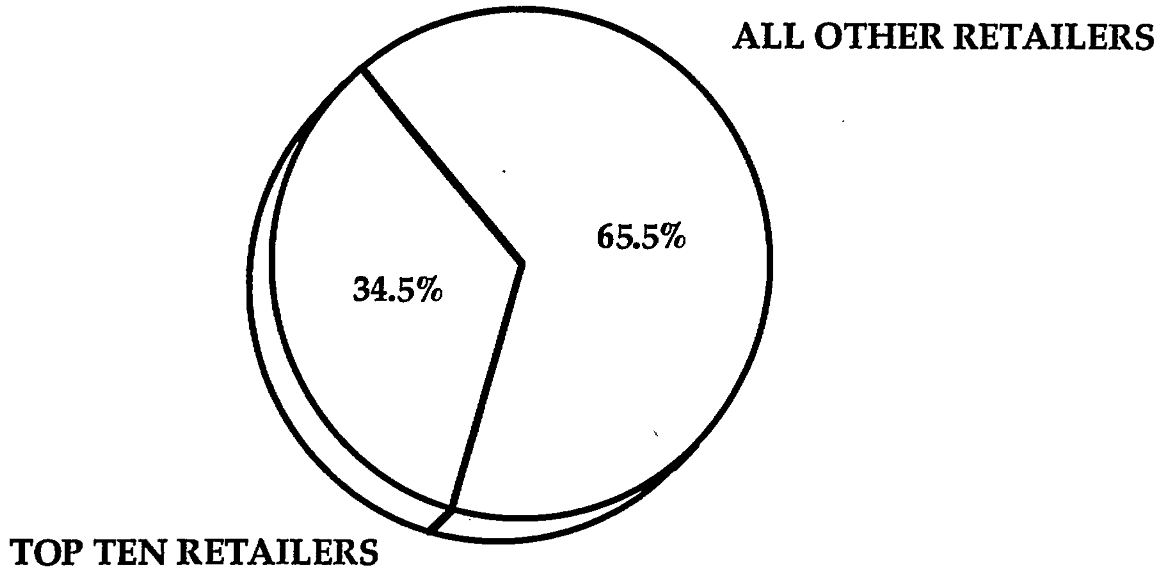
Retail Channels	Men	Women	Boys	Girls
Department Stores	34.9%	34.0%	30.8%	30.0%
Sears/Wards	6.9%	4.9%	9.1%	7.5%
Discount Stores	20.1%	17.7%	33.2%	31.9%
Specialty Stores	16.4%	20.4%	8.9%	14.1%
Factory Outlets	7.4%	9.1%	8.7%	9.9%
Catalog/Mail Order	4.5%	7.1%	1.1%	0.9%
Variety Stores	0.6%	0.5%	0.7%	0.6%
Sporting Goods/Athletic Supply Stores	1.8%	0.7%	2.4%	0.7%
All Other Outlets	7.4%	5.6%	5.1%	4.4%
TOTAL	100%	100%	100%	100%

J. C. Penney with 9.1% of the market is the largest retailer of clothing in the United States. In addition to Penney's only two department stores, Dillards and Macy's are among the top ten retailers. Together the largest ten retailers control 34.5% of the United States retail clothing market.

UNITED STATES APPAREL SALES

1992 Retail Dollars

RETAIL CONCENTRATION



LARGEST TEN RETAILERS

J. C. Penney	9.1%
Wal-Mart	5.4%
K-Mart	5.1%
Sears	4.8%
Mervyn's	2.8%
Target	2.2%
Dillards	1.5%
Wards	1.4%
Macys	1.2%
Marshalls	1.0%

During the past three years Wal-Mart and Target have continued to gain market share. The growth of both Penney's and Wal-Mart in 1992 resulted in a loss of market share for K-Mart.

UNITED STATES TOTAL APPAREL

1992 Retail Dollar Market Share

Individual Retailers	1990	1991	1992
J. C. Penney	8.7%	8.5%	9.1%
Sears	5.0%	5.0%	4.8%
Wards	1.2%	1.4%	1.4%
K-Mart	5.4%	5.6%	5.1%
Wal-Mart	3.9%	4.6%	5.4%
Target	1.8%	2.0%	2.2%

Penney's has a proportionally much larger share of the men's market than the women's market. The three major discount retailers have almost twice the share of boys' and girls' apparel than they have of adult apparel.

UNITED STATES

1992 Retail Dollar Market Share

Individual Retailers	Men	Women	Boys	Girls
J. C. Penney	11.0%	7.5%	10.5%	9.6%
Sears	5.3%	3.7%	7.3%	6.0%
Wards	1.7%	1.2%	1.9%	1.5%
K-Mart	4.9%	4.2%	7.7%	7.3%
Wal-Mart	4.9%	4.3%	8.6%	8.4%
Target	1.9%	1.7%	3.5%	3.6%
TOTAL	29.7%	22.6%	39.4%	36.3%

Section XII - Future of Canadian Apparel Retailing

The following is a summary of possible future trends effecting the Canadian retail apparel market:

Consumer Trends

- Growth in apparel sales will be less than the growth in the economy over the next 3-5 years as clothing will continue to fall on the consumer's list of priorities/expenditures.

- Consumers will become less store and brand loyal and will increasingly shop for apparel in non conventional outlets.

Manufacturing Trends

- Imports will continue to increase their share of historically served domestic market niches.

- The domestic manufacturer base will become smaller due to bankruptcies and consolidations.

- Domestic manufacturers will look to the United States for all future sales growth.

- Domestic manufacturers will cut back on their efforts to sell to the United States mass merchants and will expand by offering service oriented production to American niche retailers (e.g., small department store chains, mail order, etc.).

- Manufacturers in Canada will concentrate their efforts on the middle and upper middle segments of the market.

- Retailers will provide shorter lead times and demand greater flexibility on the part of their suppliers.

- Shorter production lead times will insure the health of large domestic manufacturers who are able to adjust their production capabilities to meet the realities of a changing market.

- Both retailers and manufacturers will increase their use of EDI for areas such as quick response and automatic replenishment.

- The increasing use of technology by both apparel retailers and manufacturers will result in the development of win-win partnerships.

- Manufacturers will increasingly source their production off shore.

- Manufacturers will move, of necessity, from a production and selling orientation to a sourcing and marketing orientation.

- Manufacturers will increase the number of their own retail outlets.

__Retail Trends__

- The number of non-conventional retailers selling apparel will increase (e.g., factory outlets, warehouse clubs, etc.).

- Increased price competition will characterize the middle of the market.
- Retailer profit margins will continue to be minimal.
- Wholesalers and middle men will become less important as retailers, attempting to increase their profit margins source directly.
- Additional United States based retailers will enter the market (e.g., The Limited).
- There will be a further consolidation in the total number of Canadian retailers.
- Specialty clothing retailing will become more segmented as consumers will demand greater differentiation in the style of merchandise. As a result, retailers will be forced to narrow their product ranges and will increasingly specialize.
- The largest retailers will increase their collective market share by leveraging their marketing and technological capabilities.
- Discount stores reacting to Wal-Mart's entry will concentrate on improving the price/value relationship of their products.
- Department stores, reacting to the development of category killers, will increasingly narrow their total merchandise mix and increase their emphasis on apparel.

- Department stores will increasingly emphasize the breadth of their special size offerings and will expand their private label programs.

- The aging of the population will mean that department stores that historically have target that segment will gain share in the last half of the decade.

- Strategic partnerships could develop between United States and Canadian apparel retailers (e.g., Eaton's-J. C. Penney).

Appendix A

Canadian Retail Channel Definitions

Channel		Definition/Example
• Department Stores	:	Sears (retail, catalog and clearance centers), Eaton's, The Bay, Simpsons, Woodward's and Robinsons only)
• Specialty Stores	:	Includes men's, women's, children's and unisex apparel specialty chains (e.g., Thrifty's, Bootlegger, Marks & Spencer) and independent specialty stores (e.g., Mary's Dress Shop in Windsor)
• Discount Stores	:	Includes all junior department stores and discount stores (e.g., Zellers, Woolco, K-Mart, Bi-Way, SAAN, Greenbergs, Woodwyn, Fields, Winners, Giant Tiger, Peoples, Metropolitan, etc.)
• All Other Outlets	:	Includes sporting goods stores, grocery stores, drug stores, college book stores, toy stores, Price Club and all other stores not mentioned previously

Appendix B

Canadian Size Segment Definitions

Size Segment		Definition
• Men	:	Includes all adult men's sizes. Also includes all purchases made for men age 15 and over. Hence, if a male respondent is seventeen years old, but does not report the size of the item purchased, it is classified as a men's product.
• Women	:	Includes all adult women's sizes. Also includes all purchases made for women age 15 and over.
• Boys	:	Includes sizes 4-6X and 8-18. Includes purchases made for boys, primarily between the ages of 3-14.
• Girls	:	Includes sizes 4-6X and 8-18. Includes purchases made for girls, primarily between the ages of 3-14.
• Infants	:	Includes all size 0-3X purchases and prenatal purchases. Does no include baby furniture, strollers or diapers.