THE

CANADIAN WINTER OUTERWEAR

EXPORT DEVELOPMENT STRATEGY

Prepared for the Departments of

Regional Industrial Expansion (DRIE)

and

External Affairs

Charles W. King
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Preface

Over the past approximately 18 months, the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, have been exploring opportunities for increasing exports of Canadian winter outerwear to the United States. The program has involved an extensive collaborative effort between the Canadian winter outerwear manufacturing industry and the Canadian government.

The report, The Canadian Winter Outerwear Export Development Strategy, presents the conclusions from that exploration.

The report has been written in cooperation with the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada. Preliminary drafts of the report have been thoroughly critiqued by the Advisory Committee of leading Canadian winter outerwear exporters and trade association executives and those contributions have been incorporated into the final document.

The report has been designed as a comprehensive reference manual for Canadian winter outerwear manufacturers who are developing export strategies for serving the United States market. Qualitative and statistical descriptions of the Canadian winter outerwear manufacturing industry and its export activities and the United States apparel industry, its winter outerwear sector and market potential analysis are presented.

A detailed market potential analysis for winter outerwear in the United States is presented from the dimensions of:

> Geographic consumer demand and winter outerwear sales potential by state and Metropolitan Statistical Area (MSA).
>
> Major retail buying cities and key retail accounts by state and Metropolitan Standard Area (MSA) with high potential for initial development by Canadian winter outerwear manufacturers launching export strategies in the United States.

Ultimately, a comprehensive export marketing strategy is outlined with a detailed step-by-step Plan of Action for Export Marketing to the United States which a Canadian winter outerwear manufacturer can adapt to it's operation.

The report is organized into six major chapters:

Chapter I: The Evolution of the Canadian Winter Outerwear Export Development Strategy 1985 - 1987: An Introduction

Chapter II: An Overview of the Canadian Winter Outerwear Manufacturing Industry

Chapter III: An Overview of the Apparel Industry and the Winter Outerwear Sector in the United States

Chapter IV: The Canadian Target Market Potential Analysis of Winter Outerwear in the United States: Consumer Retail Sales Potential

Executive Summary

The Canadian Winter Outerwear Export Development Strategy

Overview

The Canadian Winter Outerwear Export Development Strategy has been designed to increase exports of Canadian winter outerwear to the cold climate, border/near border states of the United States. More specifically, the strategy presents:

- o Qualitative and statistical descriptions of the Canadian winter outerwear manufacturing industry and its export activities and the United States apparel industry and its winter outerwear sector.

- o An analysis of the United States market potential and identification of the Canadian Target Market and its sales potential for Canadian winter outerwear.

- o A comprehensive and detailed Plan of Action for Export Marketing to the United States which the Canadian winter outerwear manufacturer can adapt to its operation.

Situation Analysis

The United States Market Potential for Winter Outerwear

The United States market potential for winter outerwear is dramatic.

- o The United States retail winter outerwear market is estimated at $6.2 billion based on total apparel sales of over $114 billion in 1985, the most current data available.

  At $6.2 billion, the United States winter outerwear market is approximately 13 times the size of the total Canadian market, including Canadian exports.

- o The Canadian Target Market for winter outerwear exports has been defined as the 36 cold climate, border/near border states of the United States.

  The Canadian Target Market is estimated to account for 75%-85% of total winter outerwear retail sales, approximately $5.2 billion in 1985.

- o The Canadian Target Market has been organized into three geographic regions:

  -- Eastern Region -- 14 states representing approximately $2.5 billion in winter outerwear sales in 1985.

  -- Midwest Region -- 13 states representing approximately $1.8 billion in winter outerwear sales in 1985.

-- Western Region -- 19 states representing approximately $851.5 million in winter outerwear sales in 1985.

- Within the Canadian Target Market are 199 Metropolitan Standard Areas (MSA's) where the winter outerwear retail sales are concentrated.

- The five largest Metropolitan Standard Areas (MSA's), in terms of estimated winter outerwear retail sales in 1985, are:

  -- New York City with $424 million.

  -- Chicago with $314 million.

  -- Philadelphia with $215 million.

  -- Boston with $212 million.

  -- Detroit with $181 million.

- The Canadian Target Market includes over 68,000 retailers of women's apparel, men's apparel, children's and infants' wear and ski equipment, representing 68.5 percent of the apparel retailers in the United States.

- The Metropolitan New York market is the most important center of winter outerwear in the United States because it is the:

  -- Location of most of the corporate buying offices.

  -- Headquarters for many of the largest and most prestigious retailing organizations in the United States.

  -- Bellwether of basic retail apparel direction.

  -- Single largest winter outerwear retail sales market with sales of $424 million in 1985.

Historical Winter Outerwear Export Performance

In recent years, a small but expanding export marketing effort for Canadian winter outerwear to the United States has emerged.

- In 1986, Canadian winter outerwear manufacturers exported approximately $45 million, or roughly 9 percent of the industry output.

  Approximately 97% of the exports moved to the United States.

- Building upon a base of $29 million in exports to the United States in 1981, the 1986 export performance reflects a $16 million growth, a 55% increase.

- Historically, the Canadian winter outerwear industry has not exploited the export opportunities in the United States.

- o Most manufacturers have not allocated the resources, capacity or made the commitment to export on a continuing basis.

- o Currently, there are only 6-7 winter outerwear manufacturers exporting on a sustained and concerted basis.

- o To date, men's and ladies' coat manufacturers have been most successful in exporting to the United States.

  Manufacturers in other winter outerwear product categories have made only modest inroads.

The Canadian Competitive Edge

Canadian winter outerwear manufacturers have a strong competitive edge as potential suppliers to the cold climate, border/near border markets of the United States. Key competitive advantages include:

- o The cold weather image of Canada and the inference of Canadian knowledgeability about winter outerwear.

- o A positive Canadian image for producing quality, functional outerwear with reasonable-to-good styling.

- o Close proximity to the major United States markets.

- o Similar tastes and needs among the border/near border markets in both Canada and the United States.

- o Favorable currency exchange rates which give the Canadian manufacturers distinct economic advantages.

- o The financial capabilities of most Canadian winter outerwear manufacturers to implement an export strategy.

- o Potential Canadian-United States free trade developments.

- o Broad government export support programs now in place.

- o A relatively open United States border.

- o A well developed physical distribution infrastructure now in place.

- o Growing discontent with "off-shore" sourcing among some retailers.

Major Obstacles to Export Development to the United States

The Canadian winter outerwear manufacturing industry has some major obstacles to export development including:

- o Management inertia in implementing change.

- A short term management orientation.
- No export organization and/or export management.
- Inadequate understanding of the mechanics of exporting.
- An unwillingness to make the capital investment required for a 3-5 year payback.
- An aversion to risk taking.
- Inadequate production capacity to satisfy large United States retailers, particularly relevant to smaller manufacturers.
- A lack of commitment to creative, original and innovative design and styling.
- A lack of continuity in Canadian government export support programs.
- Aging production technology in many firms.

Directions for Market Positioning

To expand its level of exports to the United States, the Canadian winter outerwear manufacturing industry must adopt clear directions for market positioning in the Canadian Target Market.

The industry should focus its market positioning activities on:

- Creative, innovative and original design and styling and quality manufacturing.
- Penetrating the medium sized, independent specialty retail chains who have less commitment to "off-shore" sourcing.
- Increasing its understanding of the mechanics of exporting to the United States, the demographics and the retail buying/marketing/negotiating practices in the Canadian Target Market.
- Developing a distinctive and competitive Canadian image built around these market positioning elements.

The Canadian Winter Outerwear Export Development Strategy:

Strategic Recommendations

The Canadian Winter Outerwear Export Development Strategy is organized at two strategic levels:

- o Strategic Level I Recommendations: Broad export development strategies and activities that should involve joint collaboration of the winter outerwear industry and the Canadian government, both provincial and federal.

- o Strategic Level II Recommendations: A Plan of Action for Export Marketing to the United States which defines specific activities individual Canadian winter outerwear manufacturers should operationalize for their own export marketing programs.

The Executive Summary will highlight the broad strategic recommendations and directions of the strategy. The specific tactics and action elements for implementing the recommendations are presented in the detailed report.

Strategic Level I Recommendations

The broad goals of Strategic Level I Recommendations are to:

- o Build a Canadian winter outerwear industry infrastructure to support export growth.

- o Create a strong, positive image of the Canadian winter outerwear manufacturing industry as a potential supplier to the Canadian Target Market in the United States.

More specifically, the recommendations will be summarized in the following sections.

The Canadian Winter Outerwear Export Development Association

A Canadian Winter Outerwear Export Development Association should be organized with the primary function of coordinating and implementing the Strategy Level I Recommendations. The Association should:

- o Serve as a central clearinghouse for all information about the Canadian winter outerwear manufacturing industry, Canadian government programs, federal and provincial, available to support export efforts, and marketing data about the Canadian Target Market in the United States.

- o Introduce the concept of export marketing to Canadian winter outerwear manufacturers not now exporting.

- o Provide strategic direction to small exporters in developing growth.

- o Reinforce already established exporters in strategic planning and organizational development for future growth.

The Association should be a collaborative venture involving the leading manufacturers, established exporters, the major industry trade associations and the Canadian government both federal and provincial.

Creating a Strong, Positive Image of the Canadian Winter Outerwear Manufacturing Industry in the Canadian Target Market.

- o Primary immediate emphasis should be placed on creating strong, positive images of the Canadian winter outerwear industry with current retail buyers.

- o As a longer term investment, programs should focus on creating awareness of the Canadian winter outerwear industry and its capabilities to supply the United States among students in the leading educational programs in fashion design, clothing and textiles, merchandising, retailing and marketing, etc.

- o To create consumer awareness as a longer term market development investment, there should be ongoing news and public relations coverage of Canadian winter outerwear design and styling developments presented in leading United States consumer publications.

Strategic Level II Recommendations

The Strategic Level II Recommendations are presented in an integrated Plan of Action for Export Marketing to the United States. The Plan of Action has been designed to have applicability to a broad range of Canadian manufacturers at different stages in export marketing.

The Plan of Action for Export Marketing to the United States has been designed to provide a structured and systematic approach organized around five stages:

- o Stage I: Initial Evaluation of Potential Export Capabilities of the Firm and Potential Market Opportunities.

- o Stage II: Organizing for Initial Export Planning and Development.

- o Stage III: Building a Targeted Market Positioning Approach Niching into the Canadian Target Market in the United States.

- o Stage IV: Development of Specific, Operational Strategies for Selling/ Marketing to the Canadian Target Market.

- Stage V: Launching a Strategic Planning and Organizational Development Program for Managing Future Growth.

Stage I: Evaluation of Potential Export Capabilities and Target Market Opportunities for the Firm

The Canadian winter outerwear manufacturer interested in exploring export marketing to the United States should develop an "export orientation" upon which to base its export decisions. Developing the export orientation for the firm should involve a comprehensive evaluation of the export concept.

- A management "export team" composed of the President and key production and sales personnel should be appointed for planning and implementing the export analysis.

- The evaluation should include:

  - A preliminary market survey of selected Canadian Target Market retailers in the United States to get initial retail buyer feedback.

  - An internal analysis of the firm's export capabilities and the potential implications of export marketing.

  - Identification and evaluation of Canadian federal and provincial government support programs that are potentially available to the firm.

  - Evaluation of the information generated in the export analysis.

If the results of the export analysis are considered positive, the firm should progress to Stage II and make a formal organizational commitment toward developing an export strategy.

Stage II: Organizing for Initial Planning and Target Marketing

The Canadian winter outerwear manufacturer that concludes export marketing is feasible for the firm should make a managerial commitment and formally organize for initial export planning and target marketing.

- The management "export team" should be formally assigned the advisory responsibility for initial planning, development, implementation and monitoring of the export strategy and operating program in its initial phases.

- A preliminary operating budget should be developed and committed to fund the initial export planning and development phase.

- A specific individual should be formally assigned the export planning and development coordination responsibility.

- The individual should prepare a preliminary outline of initial export planning and development activities for review by the "export team".

- The individual should initially be responsible for implementing the full range of export development activities listed in the preliminary outline.

- As the export program matures, additional personnel can be added to implement the expanded export effort.

Stage III: Building a Market Positioning Program to Niche into the Canadian Target Market in the United States

Stage III should focus on market positioning and niching into the Canadian Target Market in the United States. Market niching involves:

- Identifying specific target markets.

- Tailoring specialized product offerings to those target markets to capture and develop a unique market position or niche.

The specific strategies and tactics, of course, must vary with each manufacturer. Each manufacturer will have a different level of export commitment within its overall business plan, different products, different geographic manufacturing sites, different preferred United States markets, different management philosophies and expertise, etc.

In building a market positioning program, several critical issues should be considered.

- The Canadian winter outerwear manufacturer must develop a retail marketing orientation from the perspective of the United States retailer.

  - Winter outerwear is viewed as a profit generating machine by the United States retail buyer. The primary function of the product category is to generate gross margin, inventory sales and turnover and "bottom line" profitability.

  - Winter outerwear suppliers, therefore, are increasingly emphasizing "program marketing" in contrast to "specific winter outerwear item selling".

    The specific elements included in a particular "program marketing" merchandising package may include a recommended introductory retail price, a graduated retail mark-down plan over the selling season, co-op advertising, additional "mark-down money", etc.

  - Winter outerwear suppliers emphasize "relationship building", "close cooperation", "risk sharing", and "joint venturing" with retailers.

  - Winter outerwear suppliers in the United States build their own "profit margin protection" into their product pricing strategy to the retail buyers.

- The "export team" should prepare a preliminary "S.W.O.T. Analysis" (strengths, weaknesses, opportunities, and threats) facing the firm in the export marketing task.

o Building upon the "S.W.O.T. Analysis"/situational assessment, a preliminary operating plan should be prepared. The plan should include:

-- Initial export planning and development objectives with specific measures of effective performance.

-- A detailed market niching strategy that specifies:

...The target markets to be attacked.

...The product lines to be offered.

...The customer service support program to be offered.

...The sales campaigns to be implemented.

...The "program marketing" packages to be offered to target retailers.

...Personnel assignments.

-- A time schedule for implementation.

-- Preliminary pro forma financial statements.

-- A procedure for tracking export performance.

-- A contingency plan which defines specific response actions whenever the strategy does not achieve planned goals.

Stage IV: Development of Specific, Operational Strategies for Selling/Marketing to the Canadian Target Market

Stage IV focuses on the development of specific, operational strategies for selling/marketing to the Canadian Target Market in the United States.

o The Canadian winter outerwear manufacturer must make a formal and visible commitment to proactive, comprehensive customer service in support of its retail customers in the United States. The strategic goal is to develop an image of the Canadian manufacturer as a "local, domestic supplier" with a proactive, comprehensive, total customer service capability.

The Key Retail Account Management Program should be structured to deliver that service. The Program should be designed to:

-- Be organized around a team of customer service personnel knowledgeable in proactive problem solving from the retailer's perspective.

-- Develop "solution packages" for the most common and important problems, give the "solutions packages" definitive labels, e.g., the "Quick Ship Program", and aggressively merchandise these customer service capabilities.

-- Establish an effective communication system between the Canadian manufacturer and the retail buyer.

-- Develop a standardized and ongoing communication process with the retailer.

-- Structure a fast response/rapid delivery system to decrease inventory levels.

-- Monitor delivery schedules and provide accurate information on shipment delays.

-- Develop a proactive problem solving approach in supporting the retailer.

o The Canadian winter outerwear manufacturer must be thoroughly familiar with these sales/marketing/negotiating practices that can involve:

-- "Early payment" discounting.

-- "Early buy" incentive discounting.

-- "Markdown money".

-- "Take back" guarantees.

-- Cooperative advertising allowances.

-- Catalog and telemarketing tools.

-- Creative customer service.

-- Private design labels/items for retailer differentiation.

o Canadian winter outerwear design and styling, should be market niched toward the Canadian Target Market in the United States. Focus should be on specific winter outerwear design and styling tastes of winter outerwear consumers and retailers by geographic target markets.

The Canadian winter outerwear manufacturer can potentially establish a competitive and profitable market niche in three distinct product sectors including:

-- Traditional design and styling, basic functional winter outerwear.

-- Creative, original and innovative design and styling of winter outerwear.

-- Promotional selections of specially designed winter outerwear at very competitive price points supported by aggressive "program marketing" packages.

o The Canadian winter outerwear manufacturer must position its pricing strategy in the moderate to better price points.

A comprehensive analysis of costs should be conducted.

-- Actual product manufactured costs and cost controls must be more effectively managed to keep the Canadian winter outerwear manufacturers competitive.

-- Gross profit margin expectations and net profit on sales must be reviewed and evaluated in terms of the Untied States competitive environment.

-- Systematic calculation procedures for pricing "program marketing" packages must be developed.

o A formal physical distribution strategy for managing the logistics of export marketing to the United States must be developed.

-- At the outset, the Canadian winter outerwear manufacturer must develop a formal process or system for handling the logistical and governmental mechanics of exporting to the United States.

-- The New Exporter to Border States (NEBS) Program sponsored by the Canadian government represents an excellent source of information for a new exporter or an exporter with limited experience.

-- Selection of the Canadian-United States border port of entry most efficient for the Canadian manufacturer is a critical issue in developing a physical distribution strategy for export to the United States.

-- Canadian winter outerwear manufacturers experienced in export marketing to the United States emphasize that it is important to select a particular border port of entry and establish close working relationships with the United States customs officials at that port of entry.

-- Some manufacturers have established warehouse facilities in the United States in the port of entry city locations, particularly as export sales volume increases.

o The Canadian winter outerwear manufacturer must develop a formal sales/marketing organization to operate within the United States as part of its marketing communication strategy.

-- The essential first step in developing the United States sales/marketing organization is to formally assign management responsibility for the task using either:

... A Canadian company management member.

... An experienced United States sales manager.

... An independent sales representative recruited and contractually given exclusive sales rights to the United States.

-- Building the sales force in the United States can be attacked several ways using:

... A small team of company sales personnel organized as a "commando squad".

... A number of independent sales representatives on a standard commission basis.

... A combination of company sales personnel and independent sales representatives.

Building a successful sales organization in the United States, however, is a long term project requiring 3 to 5 years of organizational development.

o The Canadian winter outerwear manufacturer export marketing to the United States should maintain a manufacturer's showroom in the major market of New York, and, potentially, in Chicago.

The manufacturer's showroom:

-- Represents a visible commitment of the manufacturer to export marketing in the United States.

-- Displays the firm's merchandise in an attractive and controlled environment.

-- Serves as a meeting place for retail buyers shopping the firm's lines.

-- Is the local market operations center for the Key Retail Account Management Program reflecting local proactive retailer problem solving and comprehensive customer service capabilities.

o The Canadian winter outerwear manufacturer export marketing to the United States should develop a creative advertising, promotion and telemarketing program as part of the marketing communications strategy including:

-- Co-op advertising.

-- An advertising portfolio featuring all of the manufacturer's advertising exposure, e.g., newspaper ads, catalog positions, and invoice stuffers.

-- Promotional product literature including catalogs developed seasonally featuring individual product graphics for:

... Direct mail marketing to target retailers.

... "Leave behind" promotional literature in support of retail account development activities and trade show participation.

-- Trade show participation programmed as a promotional element in the firm's broad marketing communication program.

-- Direct mail campaigns aimed at target retailers.

-- Telemarketing efforts to follow-up on the direct mail campaigns.

Stage V: Launching a Strategic Planning and Organizational Development Program for Managing Future Growth

As an overview, the successful, experienced export marketer at Stage V in its export strategy development has crossed the entrepreneurial survival threshold. At least for the near term, the organization and its market position are reasonably secure.

The successful, experienced organization export marketing to the United States typically:

- o Is managed by a small, high energy/hard driving, risk and growth oriented, sales focused, entrepreneurial team.
- o Has an operating structure in place that functions at near capacity, often in a crisis frenzy, in the United States market.
- o Is reasonably "street savvy" about the United States market and its idiosyncracies.
- o Serves an extensive customer base of credit worthy retailers.
- o Can depend, at least in the near term, on ongoing sales based on existing retailer relationships.
- o Has several million dollars in sales with acceptable profitability.

The critical challenge facing the export marketer is, how can the organization progress to the next stage of sales growth and profitability in the United States winter outerwear market?

The entrepreneurial skills that were so essential in initial market entry and sales penetration will be inadequate to manage the export marketing function during rapid growth in the competitive United States market over the next 10 years.

The Canadian export marketer must launch a strategic planning and organizational development program for managing future growth of the export operation.

- o The Canadian export operation in the United States should be formally structured as a strategic business unit (SBU), legally established as a United States corporation, potentially as a subsidiary of the Canadian parent. Under this structure, the United States operation can:
  - -- Continue to market the Canadian parent's winter outerwear into the United States.
  - -- Import winter outerwear or other products from "off-shore" sources as dictated by competitive market conditions.
- o The United States operation should develop a "strategic business unit mentality", operate as a profit center and be an independent division responsible for its own destiny.
- o To develop the strategy for the next phase in its growth, the successful experienced Canadian exporter must launch a formal strategic planning process.

  The strategic planning process involves several distinct activities or phases:

  - -- Performance of the managerial audit: internal organization analysis and external environmental analysis.
  - -- Clarification of organizational values and goals.

-- Creation of a mission statement and operational objectives.

-- Development of the action plan to achieve the mission and operational objectives.

-- Reassessment of the operationality of the plan.

-- Implementation of a monitoring program for tracking organizational performance against the mission and objectives.

o The "rapid growth" phase of the firm's life cycle will require extensive organizational development. As an organization's sales volume moves from introduction rapid growth, the demands on organizational and managerial resources are dramatic. The organization must be adaptive to the performance requirements of the operation.

o The organizational framework that has been recommended in Stage V of the Plan of Action for Export Marketing, however, provides that adaptability.

-- The creation of the United States legal entity provides strategic latitude for diversification and growth.

-- The establishment of the strategic business unit (SBU) and the "mentality" creates an operational climate and culture that encourages more professional management.

-- Implementation of the formal, ongoing strategic planning process can provide the analytical direction for the strategic business unit's (SBU's) near and longer term growth and adaptive organizational development.

Chapter I

The Evolution of the Canadian Winter Outerwear

Export Development Strategy

1985 - 1987

An Introduction

In 1985, the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, began exploring opportunities for increasing exports of Canadian winter outerwear to the United States. From the outset, the goal has been to develop a joint winter outerwear manufacturing industry-Canadian government initiative.

Based on strong industry interest and extensive industry-government collaboration over the 1985-1987 period, the effort has evolved into the Canadian Winter Outerwear Export Development Strategy.

Winter Outerwear: A Product Definition

What is "winter outerwear"?

There is no universally accepted product definition of winter outerwear across the winter outerwear industry in Canada or in the United States. Further, there are significant differences in the outerwear definitions used in the men's and boys', women's, misses and junior, and children's wear sectors.

At the outset, therefore, in structuring the Canadian Winter Outerwear Export Development Strategy, these broad definitions of winter outerwear have been adopted.

Manufacturer's Definition...

...Winter outerwear garments are designed to protect the wearer against the cold. Typical major garment categories would include:

- Parkas
- Vests and ski jackets
- Ski wear
- Snow suits
- Leather coats and jackets
- Overcoats and topcoats
- Short coats and jackets (with lining)

...Fur winter outerwear garments **are not** included in this product definition. The Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, consider the fur apparel industry to be a separate manufacturing sector.

Retailer's Definition...

...Winter outerwear is viewed as a..."profit center"..."strategic business unit"..."stock keeping unit (SKU)"..."department"

...Winter outerwear retail departments are typically organized around their target consumers...men's and boys...women's, misses and junior...children's wear.

...Within retail departments, there are unique organizational emphases:

- Men's and boys...are organized around style and type of coat.
- Women's, misses and junior...are organized around size and style.
- Children's wear...are organized around the total children's winter outerwear apparel functional needs.

Consumer's Definition...

The last outer garment worn to keep warm...

The Broad Goal and Specific Objectives

The broad goal of the Canadian Winter Outerwear Export Development Strategy is to increase exports of winter outerwear to the cold climate, border/near border states of the United States. More specifically, the Program has been designed to:

- Outline suggested support programs the Canadian governmental units, federal and provincial, can launch and maintain as part of the Canadian Winter Outerwear Export Development Strategy for the United States.
- Present a detailed Plan of Action for Export Marketing to the United States which defines specific action steps for manufacturers at different stages in export marketing involvement.
  - For the manufacturer who is not now involved in export marketing, the Plan of Action introduces the concept and outlines a procedure for evaluating the feasibility of export marketing for the individual manufacturer.
  - For the manufacturer who has experimented with export marketing on a limited basis, usually with marginal success, the Plan of Action identifies market opportunities and provides procedures for developing target marketing and market positioning strategies for expanding export sales.
  - For the manufacturer who has already established a significant export position, the Plan of Action presents strategic planning and organizational development techniques for generating a business plan and building an operating foundation to support long term sales growth and profitability in the export market.

The Canadian Winter Outerwear Export Development Strategy: A Series of Interrelated Phases

The Program has been built around a series of interrelated phases.

- Phase I: Exploration of Canadian winter outerwear manufacturers' interest in export marketing to the United States.

  Over the Fall, 1985 and Winter, 1986, a series of seminars were conducted with Canadian winter outerwear manufacturers in Montreal, Toronto and Winnipeg to explore the feasibility of export marketing to the United States. Additionally, approximately 30 in-depth interviews were conducted with winter outerwear manufacturers who had experience or were interested in export marketing to the United States.

  The general focus of the seminars and interviews was on identifying manufacturer capabilities and interests, past successful and unsuccessful export marketing experiences, and target marketing opportunities for export marketing to the United States.

  The basic conclusions from Phase I indicated:

  -- The Canadian winter outerwear industry had the capabilities to compete effectively in the United States market based on innovative design and product quality.

  -- Some Canadian winter outerwear manufacturers had already established impressive track records and had strong market positions in the United States market.

  -- There was an aggressive core of Canadian winter outerwear manufacturers who wanted to explore initial entry or expand their established positions in export marketing to the United States.

  -- Canadian winter outerwear industry leaders were interested in working with the government in a joint industry-government program to develop a strategy for export marketing to the United States.

  Based on the conclusions from Phase I, the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, secured additional government funding and Phase II of the Program was launched in the Fall, 1986.

- Phase II: Development of the Canadian winter outerwear export strategy and Plan of Action for implementation by individual manufacturers over the October, 1986 through May, 1987 period.

  Phase II has involved three distinct activities:

  -- An extensive Survey of Canadian Winter Outerwear Manufacturers to identify capabilities and current export marketing practices.

  -- An analysis of target market opportunities and sales/marketing strategies and tactics required for Canadian winter outerwear manufacturers to successfully penetrate those target markets in the United States.

  -- Development of a Canadian export strategy with a detailed Plan of Action for Export Marketing to the United States for implementation by individual manufacturers.

- Phase III: Presentation of the Canadian winter outerwear export strategy and Plan of Action for implementation through a series of management seminars for interested manufacturers over the Fall, 1987.

  The seminars will involve presentation of the strategy and Plan of Action with an in-depth workshop focused on how the individual manufacturer should develop and implement its particular Plan of Action for export marketing.

Canadian Winter Outerwear Industry Involvement and the Advisory Group

From the initial exploratory activities, there has been active joint Canadian winter outerwear manufacturing industry-government cooperation in the evolution of the export marketing program. Approximately 37 manufacturers participated in exploratory export seminars and the Survey of Canadian Winter Outerwear Manufacturers, representing approximately 70% of the winter outerwear sales.

In March, 1987, a formal Advisory Group composed of leading Canadian winter outerwear exporters and trade association representatives was organized to promote industry input and participation in the development of the export strategy. The Advisory Committee included:

Mr. B. Bly
Irving Samuel Canada, Inc.
St. Leonard, Quebec

Mr. A. Ghetler
Northwear Fashions/DASH
Montreal, Quebec

Mr. G. Steiman
Gemini Fashions of Canada, Ltd.
Winnipeg, Manitoba

Mr. B. Lieberman
ADA Outerwear, Ltd.
Montreal, Quebec

Mr. D. Hughes
Olympic Pants & Sportswear Co., Ltd.
Winnipeg, Manitoba

Mr. P. Lindzon
Lindzon Limited
Toronto, Ontario

Mr. J. Margolis
Bagatelle Canada, Inc.
Montreal, Quebec

Mr. R. Morin
Russell H. Morin Products, Ltd.
Toronto, Ontario

Mr. F. J. Bryan
Apparel Manufacturers Association
of Ontario
Toronto, Ontario

Mr. I. Shames
Apparel Manufacturers Institute
of Quebec
Montreal, Quebec

Mr. R. Winston
Manitoba Fashion Institute
Winnipeg, Manitoba

The Advisory Group has been instrumental in the structuring of the Canadian Winter Outerwear Export Development Strategy. Individual members have made invaluable contributions to the initial marketing research through extensive in-depth interviews covering export practices, problems and potential opportunities. In group session, the Advisory Group critiqued and enriched the conclusions and recommendations as they emerged over the program's development.

The Canadian Winter Outerwear Export Development Strategy outlined in this document, therefore, is truly a collaborative industry-government initiative.

Chapter II

An Overview of the Canadian Winter Outerwear Manufacturing Industry

The overview of the Canadian winter outerwear manufacturing industry is presented in the following sections:

- The Survey of Canadian Winter Outerwear Manufacturers: An Introduction.
- The Canadian Winter Outerwear Manufacturing Industry: A Sector Analysis.
- Export Marketing of Canadian Winter Outerwear to the United States: Current Status.
- The Canadian Edge in Winter Outerwear.
- Structural Deficiencies in the Canadian Winter Outerwear Manufacturing Industry.
- Challenges Facing Canadian Winter Outerwear Manufacturers in Export Marketing to the United States.

The Survey of Canadian Winter Outerwear Manufacturers:

An Introduction

The Survey of Canadian Winter Outerwear Manufacturers was launched over the 1986-1987 period to assess the interest and capabilities of Canadian winter outerwear manufacturers in export marketing to the United States. The Survey built upon the initial, informal industry seminars that explored the feasibility of export marketing to the United States in 1985-1986.

The more formal Survey of Canadian Winter Outerwear Manufacturers focused on:

- Manufacturer capabilities, interests and operational goals and objectives in export marketing to the United States.

- Successful and unsuccessful export strategies that have been used by Canadian manufacturers with export experience.

- Target marketing opportunities for export marketing to the United States.

- Problems involved in the export challenge.

The Survey methodology involved telephone interviews, mail questionnaires, and multi-phased, in-depth personal discussions. The Survey canvassed a broad range and varied sample of Canadian winter outerwear manufacturers across Canada. (Exhibit II-1) The participants provided an essential core of information to the Canadian Winter Outerwear Export Development Strategy.

Exhibit II-1

Canadian Winter Outerwear Manufacturer Participation in the Survey

Canadian Winter Outerwear Manufacturers Interviewed in the Survey	37
Total Sales of Manufacturers Interviewed	$338 Million[1]
Percent of Total Canadian Winter Outerwear Sales Represented by Manufacturers Interviewed	70 Percent

Canadian Winter Outerwear Manufacturers - Participating By Product Category and Geographic Area

	Geographic Area			
Product Category	Quebec	Ontario	Western Provinces	Total
Coats	10	5	3	18
Leather Coats	1	4	--	5
Jackets, and/or Pants, Suits	5	1	8	14
	16	10	11	37

[1]Canadian market statistics are reported in Canadian dollars.

The Canadian Winter Outerwear Manufacturing Industry:

A Sector Analysis

The Canadian winter outerwear manufacturing industry has a well defined market structure and sector profile. The Survey of Winter Outerwear Manufacturers has been combined with the most recent aggregate statistics for the industry generated by the Canadian Textile and Clothing Board to produce a comprehensive sector analysis.

Several major conclusions have emerged.

- o In terms of overall industry structure, the Canadian winter outerwear industry is highly concentrated.
  - -- There are approximately 103 Canadian winter outerwear manufacturers with an estimated 7,700 employees, an average of approximately 75 employees per firm.
  - -- 21% of the firms have fewer than 50 employees.
  - -- The firms are geographically concentrated in Montreal, Toronto and Winnipeg, accounting for approximately 86% of the firms, 90% of the dollar shipments and 90% of the employment.
  - -- 47 firms reportedly account for approximately 74% of industry sales.
  - -- There are:

    ...32 ladies dress coats and men's overcoat manufacturers.

    ...47 lined coat/parka/ski wear manufacturers.

    ...24 leather coat manufacturers.
- o Canadian winter outerwear sales are estimated at approximately $482 million, including exports, in 1986[1].
- o The Canadian winter outerwear market is in the maturity stage with slow projected growth.
  - -- Total unit demand has been static at 9.2 million units in 1985 vs. 9.6 million units in 1981.
  - -- No significant growth is forecast for the Canadian winter outerwear market through the 1990's.

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[1]Canadian market statistics are reported in Canadian dollars.

- The growth in imports of winter outerwear from low cost manufacturing countries, particularly from South Korea, Hong Kong, China and Taiwan, has been the most significant development in the Canadian winter outerwear market in recent years.

  -- Imports have increased from 25% to 41% of total Canadian domestic winter outerwear sales over the 1981 through 1985 period.

  -- Low cost manufacturing countries are quoting winter outerwear prices 27% to 69% lower than Canadian domestically manufactured products across the major winter outerwear categories.

Export Marketing of Canadian Winter Outerwear to the United States:

Current Status

The lack of growth in the Canadian winter outerwear market and the intensive competition of imports from low cost manufacturing countries have caused some Canadian winter outerwear manufacturers to explore export marketing to the United States. The cold climate, border/near border states of the United States represent major potential targets markets for the Canadian winter outerwear industry.

The Survey of Canadian Winter Outerwear Manufacturers identified a small but developing export marketing effort to the United States now in operation.

- o Canadian winter outerwear exports totaled $45 million in 1986, with approximately 97% moving to the United States[1].

- o Canadian winter outerwear exports represented approximately 9% of total industry dollar sales.

- o Building upon a base of $29 million in exports to the United States in 1981, the 1986 export performance reflects a $16 million growth, a 55% increase.

- o The Canadian winter outerwear industry is not export oriented.

  - -- Several firms report unsuccessful attempts at export marketing to the United States. Analysis of many of these "horror stories", however, reflect a total lack of any strategic planning, market analysis or attempts at target market positioning of the manufacturer with key retailers.

  - -- Most firms concentrate exclusively on the domestic market and are not interested in the export market.

  - -- Many firms are intimidated by the United States market.

  - -- Few firms have an export strategy.

  - -- Few firms are familiar with the mechanics of export marketing or have a well developed export organization.

- o Canadian winter outerwear export sales are highly concentrated.

  - -- Approximately 12 firms, or 12 percent of the industry, were engaged in export marketing in 1986.

  - -- Ladies dress coats and men's overcoats accounted for $34 million representing 70% of total export volume.

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[1]Canadian market statistics are reported in Canadian dollars.

-- The Survey of Canadian Winter Outerwear Manufacturers, however, identified approximately 30 firms who reported an interest in expanding their current export operations or exploring the feasibility of launching an export program to the United States.

The Canadian Edge in Winter Outerwear

Canadian winter outerwear manufacturers have a strong competitive edge as potential suppliers to the cold climate, border/near border states markets of the United States.

- The cold weather Canadian climate favors winter outerwear and the development of winter outerwear manufacturing capabilities.

- Canadian manufacturers have a generally positive image for producing effective cold weather outerwear.

- A number of Canadian winter outerwear manufacturers have strong reputations for high quality and good styling.

- Canadian manufacturers have close proximity to United States cold weather markets in the border/near border states.

- Canadian and United States cold weather, border/near border states markets have similar tastes and needs.

- The favorable Canadian currency exchange rate gives Canadian manufacturers an economic advantage that is forecast to continue at least through the 1980's.

- Most Canadian winter outerwear manufacturers have financial capability to invest in developing United States export strategies.

- Potential United States-Canadian free trade programs could improve Canadian winter outerwear accessibility to United States markets.

- Broad government export support programs, financial support and export credit insurance are in place in Canada to aid Canadian winter outerwear manufacturers.

- The United States border is relatively open to Canadian manufacturers if managed properly.

- A well developed physical distribution infrastructure is in place for supplying United States retailers from Canada.

- There is growing discontent among some United States retailers with "off-shore" sourcing from the Far East.

Structural Deficiencies in the Canadian Winter Outerwear Manufacturing Industry

The Canadian winter outerwear manufacturing industry has some major structural deficiencies that may potentially impede developing and implementing a successful Canadian export strategy to the United States unless the deficiencies are corrected.

More specifically, the Canadian winter outerwear manufacturing industry has:

- Management inertia in implementing change.
- A short term management orientation.
- No export organization and/or export management.
- A lack of "on-the-street" knowledge: The mechanics of what to do in export marketing.
- An unwillingness to make the investment required for a 3-5 year payback in developing and implementing an export strategy.
- An aversion to assuming risk that may be involved in developing and implementing an export strategy.
- Inadequate production capacity to satisfy large United States retailers, particularly relevant to smaller manufacturers.
- A lack of commitment to creative, original and innovative design and styling demanded by the United States market.
- A lack of continuity in Canadian government export support programs.
- Limited knowledge of United States retail buying/marketing/negotiating practices.
- Aging production technology in many firms.

Challenges Facing Canadian Winter Outerwear Manufacturers

in Export Marketing to the United States

The evolving United States winter outerwear market has generated some major challenges that can represent important opportunities for Canadian winter outerwear manufacturers. Aggressive export strategies, however, must be defined and effectively implemented.

- o Some Canadian winter outerwear manufacturers have historically had strong relationships with large volume retailers in supplying basic, traditional winter outerwear. As that sales volume is lost to low-cost manufacturing countries, those Canadian manufacturers must reposition themselves with those retailers.

  Those established manufacturer-retailer relationships are valuable business assets! The challenge is to build upon those relationships to reposition the Canadian outerwear manufacturer in the creative, original, innovative design, higher quality, higher price point segment of the retailer's winter outerwear product mix.

- o The medium-sized, independent specialty retail chains represent an important target market for the Canadian outerwear manufacturer. A major segment of this retailer group is less low-cost/import committed and places merchandising emphasis on higher design, higher quality and higher price points.

  The challenge is to achieve penetration into this developing target market. Many of these medium sized, independent specialty retailers are, however, unaware of the Canadian winter outerwear manufacturers' competitive capabilities to serve them.

- o The Canadian winter outerwear manufacturers must focus their product lines on creative, original, innovative design and styling, and high quality in the higher price points of the winter outerwear product mix. Canadian manufacturers can establish a distinct competitive advantage there.

- o Canadian winter outerwear manufacturers must create a greater awareness and a distinct competitive image of Canadian winter outerwear across the United States retailing community. United States retailers, in the majority, are not well informed about Canadian winter outerwear.

  - -- Canadian manufacturers who are established in the United States must redefine and/or reinforce the creative, original and innovative design and high quality orientation.

  - -- Potential new entrant Canadian manufacturers must reinforce the Canadian image and uniquely position their own particular product offerings.

- o Canadian winter outerwear manufacturers should develop fast response, rapid delivery, full customer service programs to support the United States retailers.

  - -- Problems are reportedly developing between some United States retailers and "off-shore" suppliers, particularly among the low-cost manufacturing companies in the Far East.

-- The challenge is to capitalize on this potential dissatisfaction and position the Canadian winter outerwear manufacturer as a dependable, North American "domestic supplier".

Chapter III

An Overview of the Apparel Industry and The Winter Outerwear Sector in the United States

The overview of the American apparel industry is presented in the following sections:

- o Trends in the United States Apparel Manufacturing Industry: An Overview.
- o Trends on Consumer Apparel Buying Behavior.
- o The Evolving United States Winter Outerwear Market Structure.
- o Estimated Retail Sales of Winter Outerwear in the United States for 1985.

Trends in the United States Apparel Market:

An Overview

The United States apparel market is in a state of dramatic transition. Several significant trends are emerging that parallel developments underway in the Canadian winter outerwear manufacturing industry.

- o United States apparel industry sales, including both domestic manufacturing and imported apparel, totaled approximately $127 billion at retail value based on estimates by the American Apparel Manufacturers Association. (Exhibit III-1)[1]

- o Consumer demand for apparel in the United States has increased at an average rate of approximately 1% per year since 1980 and is forecast to grow at that same average rate through the year 2000.

- o Significant shifts are projected in the structure of the United States population that will influence the demand for apparel. The projections of the American Apparel Manufacturers Association are summarized in Exhibit III-2.

  The central conclusion is that the American population is aging which will impact on the various apparel markets. The infants and children's categories are showing negative to no growth. The boys' and girls' categories are reflecting 15-20 percent growth. The most dramatic increase is in the 45-54 year old category with growth in the 60% range as the "baby boomers" age. Likewise, the 65+ year old category will grow in the 14-18% range as life expectancy continues to be extended.

- o The most significant and controversial development in the United States apparel industry in recent years has been the dramatic growth in imports across essentially all major apparel categories.

  Apparel imports have increased at an average rate of 13% per year since 1980.

- o The retail value of imports totaled approximately $56 billion in 1986, accounting for an estimated 44% of retail apparel sales volume, Exhibit III-1.

  The retail value of imports, $56 billion, is calculated based on an estimated:

  - -- $17.3 billion in foreign port value of apparel imports.

  - -- $10.7 billion in added landed value, distribution and other costs.

  - -- $28.0 billion in retail mark-up of 50%.

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[1]United States market statistics are reported in United States dollars.

- o The obvious impact of imports has been:
  - -- A loss of market share supplied by domestic manufacturers.
  - -- A loss of over 148,000 jobs in the apparel industry since 1980.
- o Low cost manufacturing countries initially entered the United States import market at the budget price point level. Over time, some low cost manufacturers, however, have begun to upgrade quality and are penetrating the higher price point categories.
- o Hong Kong, Taiwan, Korea and the People's Republic of China, the "Big Four" foreign suppliers, accounted for 56% of all apparel import dollar value. The top 20 importers accounted for 88% of all apparel import dollar value.
- o Despite the dramatic growth in imports, there are problems developing between some United States retailers and their "off-shore" suppliers, particularly among the low-cost manufacturing companies in the Far East.

  Some retailers reportedly are reestablishing domestic manufacturing relationships because of the risk inherent in "off-shore" sourcing involving:

  - -- The uncertainties of currency movements.
  - -- Rising quota costs.
  - -- Longer lead times across the buy-advance payment-production-delivery cycle.
  - -- Potential delivery delays.
  - -- Exploitive trade practices of some "off-shore" suppliers.

  The impact of the reported retailer discontent on actual "off-shore" sourcing from the Far East, however, cannot be measured at this point.
- o In competitive response to the import challenge, domestic apparel manufacturers are placing greater focus on strategic planning, analytical marketing and competitive market positioning and target marketing.
- o Domestic manufacturers are placing intensive emphasis on their operations to capitalize on the advantages of domestic sourcing. Firms are actively developing and implementing fast response/rapid delivery systems.

  The goals are to:

  - -- Cut the time of the production cycle from initial retailer "buy" through consumer purchase/offtake as much as possible.

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[1]United States market statistics are reported in United States dollars.

-- Decrease the inventory levels at each stage in the manufacturing and distribution process, including retail inventories.

-- Increase operating efficiency, inventory turns and profitability at each stage in the channel of distribution.

o In terms of overall industry structure, the United States apparel manufacturing industry is even more fragmented than the Canadian winter outerwear manufacturing sector.

-- There are approximately 23,000 firms employing 1.2 million people, an average of approximately 52 employees per firm compared with an average of 75 employees for the Canadian group.

-- 75% of the firms have fewer than 50 employees compared with only 21% for the Canadian group.

-- Apparel manufacturers operate in 41 of the 50 states.

-- The firms are geographically concentrated in the Southern states representing 42% of employment in the apparel industry, New York and New Jersey representing 14.9 %, California representing 10%, and Pennsylvania representing 8%.

o The retailer buying dynamics for apparel can be segmented based on retailer size. Some basic conclusions are summarized in Exhibit III-3.

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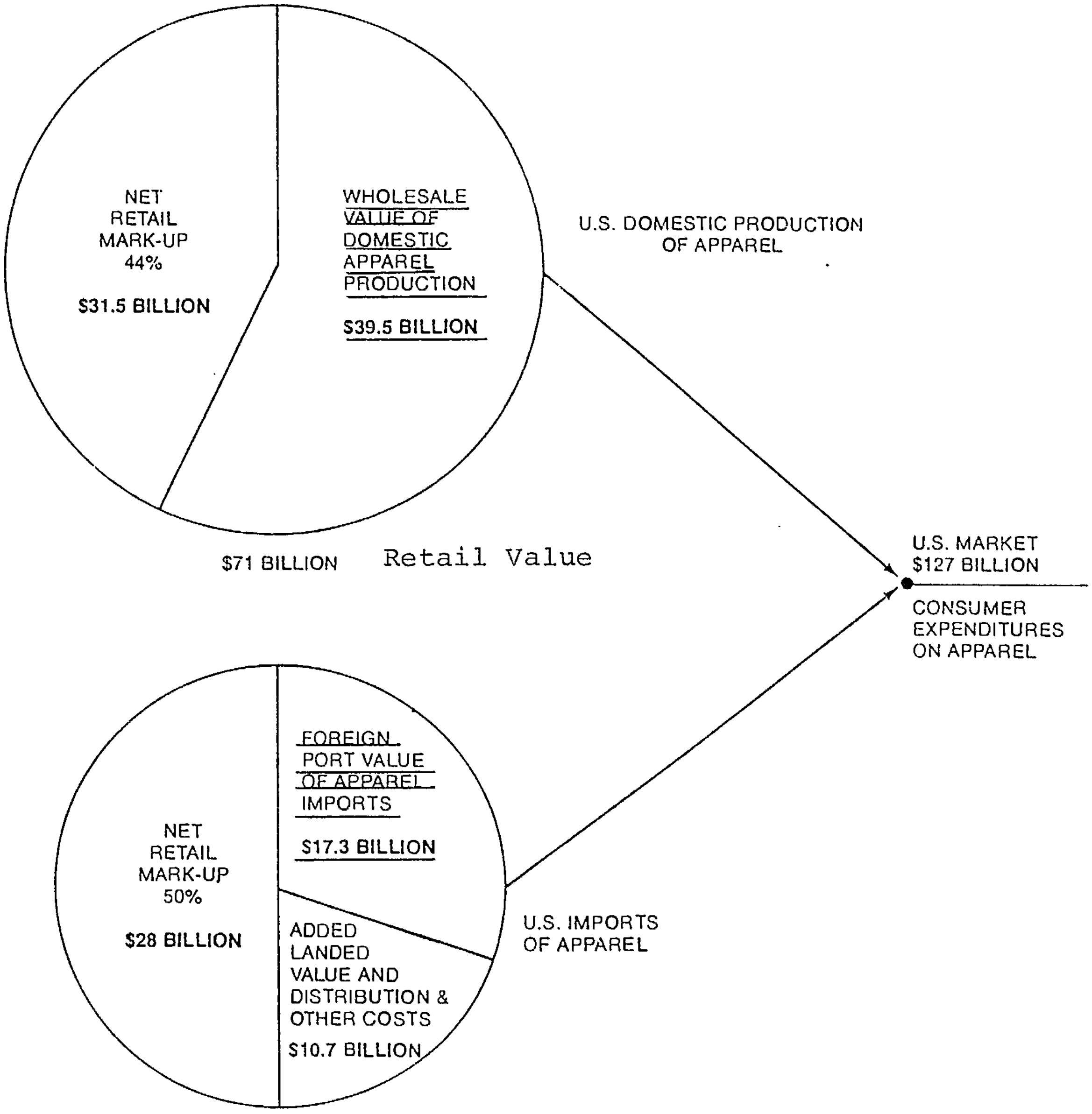
[1]United States market statistics are reported in United States dollars.

Exhibit III-1

Consumer Expenditures On Apparel

1986



Reported by the American Apparel Manufacturers Association.

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1 United States market statistics are reported in United States dollars.

Exhibit III-2

Expected Trends in U.S. Population By Major Apparel Markets

1987, 1990, 1995, and 2000

(Figures in millions)

Markets		1987	1990	1995	2000	Percentage Change 1987 - 2000
Infants	Ages 0-2	11.4	11.5	11.0	10.5	-8%
Children's						
Boys'	Ages 3-7	9.4	9.7	9.8	9.3	-1%
Girls'	Ages 3-7	8.9	9.2	9.4	8.9	0
Boys & Girls						
Boys'	Ages 8-17	17.2	17.3	18.9	19.8	+15%
Girls'	Ages 8-14	11.1	11.8	12.9	13.3	+20%
Adult Total						
Male	18+	85.9	88.6	92.1	96.0	+12%
Female	15+	99.1	101.5	105.5	110.2	+11%
Adult Markets By Age						
Male	Ages 18-24	13.9	13.1	12.1	12.5	-10%
	25-34	21.6	21.9	20.4	18.4	-15%
	35-44	17.0	18.7	20.9	21.9	+29%
	45-54	11.2	12.4	15.3	18.2	+63%
	55-64	10.2	9.9	9.9	11.3	+11%
	65+	12.0	12.6	13.5	13.7	+14%
Female	Ages 15-24	18.7	17.4	16.7	17.7	-5%
	25-34	21.5	21.6	20.1	18.0	-16%
	35-44	17.4	19.1	21.1	21.9	+26%
	45-54	11.9	13.1	16.1	18.9	+59%
	55-64	11.6	11.2	11.1	12.5	+8%
	65+	18.0	19.1	20.4	21.2	+18%
Total All Ages		243.1	249.7	259.6	268.0	+10%

Reported by the American Apparel Manufacturers Association.

Exhibit III-3

Retailer Buying Dynamics for Apparel

By Size of Retailer

Dimensions of Buying Behavior	**Smaller Retailers**	**Larger Retailers**	**Very Large Retailers**
The Retail Buying Structure			
In-store Owner-/Buyer	o Most prevalent practice	o Occasionally used	o Not used
In-store, Specialized Professional Buyer	o Limited practice	o Most prevalent practice o Emphasis on merchandise selection and price negotiations with suppliers	o Most prevalent practice o Emphasis on merchandise selection and price negotiations with suppliers
Independent Buying Office	o Limited practice	o Rarely used	o Rarely used
Corporate Buying Office for Branch Stores	o Not a practice	o Used somewhat	o Frequently used practice

Exhibit III-3

Retailer Buying Dynamics for Apparel

By Size of Retailer

(Continued)

<table>
<tr><th><u>Dimensions of Buying Behavior</u></th><th><u>Smaller Retailers</u></th><th><u>Larger Retailers</u></th><th><u>Very Large Retailers</u></th></tr>
<tr><td rowspan="2">Determining Fashion Trends and Product Line Opportunities</td><td colspan="2">o Rely on buying syndicates for briefings on fashion trends and competitive products at competitive prices.

o Build upon previous comparable season's sales experience for local market direction.

o Use manufacturers' sales representatives who visit periodically for regional/market intelligence on what are the trends, the "hot" product options among competing retailers.</td><td rowspan="2">o Have extensive market monitoring/market intelligence network

o Less reliance on syndicated buying offices

o Shop and import directly from "off-shore" suppliers

o Have important influence on fashion trend determination

o Frequently use sophisticated marketing research to identify psychographic market segments, track seasonal fashion trends and consumer buying behavior, and forecast "next season"/longer term consumer behavior

o Shop major suppliers in New York showrooms

o Attend major trade shows to reconfirm fashion trends and buying directions

o Less likely to attend regional or local trade shows</td></tr>
<tr><td>o Less likely to attend national trade shows

o More likely to attend local/ regional trade shows</td><td>o More likely to attend national trade shows

o More likely to attend local/ national trade shows</td></tr>
</table>

Exhibit III-3

Retailer Buying Dynamics for Apparel

By Size of Retailer

(Continued)

Dimensions of Buying Behavior	Smaller Retailers	Larger Retailers	Very Large Retailers
Fashion Merchandising Orientation	A Price Point Focus: Lower Price o Present "second tier" fashions o Emphasis on fashion copies o Move off the retail rack through price promotions		
	A Price Point Focus: Higher Price o Emphasis on: -- Exclusivity -- Quality -- Strong visual impact o Move off the retail rack quickly with rapid inventory turn and no markdown		
Selecting Specific Products	o Emphasis on individual item buying	o More receptive to "program marketing"	o Preference for "program marketing"
		o Receptive to individual item buying for promotional items	o Receptive to individual item buying for promotional items
	o Buys early in buying season	o Buys later in buying season	o Makes "off-shore" buying commitments early in buying season
			o Buys later in buying season from domestic sources

Exhibit III-3

Retailer Buying Dynamics for Apparel

By Size of Retailer

(Continued)

Dimensions of Buying Behavior	Smaller Retailers	Larger Retailers	Very Large Retailers
Buyer-Seller Relationships	o Very limited direct involvement with importation from "off-shore" suppliers	o Willing to take some risk with importation from "off-shore" suppliers	o Willing to take substantial risk with importation from "off-shore" suppliers
	o Strong loyalty to suppliers with historical success in meeting selling plan sales and profit margin goals and delivering proactive customer service o Emphasis on: -- Delivery on schedule -- Exactly as sold -- Accurate sizing -- Customer service and "after sale" problem solving		
	o Limited price negotiation	o May request "profit margin protection" through special "program marketing" packages	o Demands "profit margin protection" through "program marketing" packages o Local sales representative not important to buying decision
	o Buying decisions based on in-store presentations and ongoing sales representative relationships	o Local sales representative less important to buying decision	o Develops close relationship with supplier for preferential customer service and market intelligence
	o Buying decisions frequently made by Owner/Buyers often on the basis of personal selling relationships		o Buying decisions made by professional buyer or merchandising organization requiring greater professionalism

Exhibit III-3

Retailer Buying Dynamics for Apparel

By Size of Retailer

(Continued)

Dimensions of Buying Behavior	**Smaller Retailers**	**Larger Retailers**	**Very Large Retailers**
Relative Financial Issues	o Uncertain/limited credit information	o More reliable credit information	o Good credit information
	o Limited/undercapitalized net worth and operating capital	o Capitalization typically better but many firms are still under funded	o Capitalization adequate to superior
	o Many cannot be factored	o Most firms can be factored	o Can be factored
	o Lower sales productivity: lower sales order size compared with selling/customer service cost	o Better sales productivity but comparable customer service cost	o Better sales productivity but comparable customer service cost
		o Aggressive price negotiation	o Aggressive price negotiation
	o Slow payment common	o Payment improved	o Payment capability good but many large retailers actively intimidate/ negotiate on payment terms, particularly on "program marketing" packages when "profit margin protection" is at stake

Trends in Consumer Apparel Buying Behavior

There are several trends in consumer apparel buying behavior in the United States that have significant implications for export of Canadian winter outerwear to the Canadian Target Market.

- There is a general movement toward higher quality in consumer buying behavior across most consumer product categories.

- Based on extensive research on consumer buying behavior across apparel categories including men's suits, men's top coats, women's "after 5" dresses, women's winter coats, and skiwear, there is a clear upscale movement in apparel buying.

  While there are no definitive statistics, industry estimates suggest that approximately 25% of the consumer apparel market buys in the moderate to better price point categories.

  The moderate to better categories are the target price points for most Canadian winter outerwear.

- Some consumers are using well known apparel labels as a measure of quality and design acceptance.

  Suppliers without well known labels must develop market niches based on design and quality.

- Some consumers patronize specific types of retailers as a measure of quality and design acceptance.

- Consumers are becoming very fashion conscious in winter outerwear.

  Fabrics and colors from the conventional sportswear industry have been successfully adapted by the winter outerwear industry.

- Major retailers in the moderate to better price points are shifting their winter outerwear mixes toward higher fashion winter outerwear, deemphasizing traditional, basic winter outerwear.

The Evolving United States Winter Outerwear Market Structure

The United States winter outerwear market structure has changed under the impact of rising imports from low cost manufacturing countries. Those changes have serious implications for Canadian winter outerwear export strategies designed to penetrate the United States market.

- o Large volume retailers who have historically been key buyers of the basic functional products of Canadian winter outerwear manufacturers now source those products from the low cost manufacturing countries, particularly in the Far East.

- o Canadian winter outerwear manufacturers, given their operating costs, cannot compete in supplying the basic functional products to the major retail buyers.

- o Canadian winter outerwear manufacturers must aggressively refocus market positioning on creative, innovative and original styling, quality manufacturing and rapid market response in the medium to better price points.

  With refocused market positioning emphasizing design and quality, Canadian manufacturers may be able to again sell to the large volume retailers at the higher price points.

- o The independent specialty chains in the United States, who may have less commitment to "off-shore" sourcing, have become a prime target market for Canadian winter outerwear manufacturers.

- o Penetration of the independent specialty chains in the United States by Canadian winter outerwear manufacturers has been limited to date.

- o Canadian winter outerwear manufacturers have limited visibility with United States retailers because of the:

  -- Comparatively small Canadian export $45.5 million sales base in the United States[1].

  -- Limited number of Canadian winter outerwear manufacturers and sales personnel developing the United States market.

- o The potential impact of the reported discontent of some retailers with the Far East suppliers on winter outerwear imports into the United States cannot be measured at this time.

- o Canadian winter outerwear manufacturers have been criticized by some retail buyers as conservative, "traditional", "near followers" in design and styling with a higher price image.

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[1]Canadian market statistics are reported in Canadian dollars.

Canadian winter outerwear manufacturers are considered good in "design extension", i.e., "adapting and modifying others' original designs into extended forms". Canadian winter outerwear design, however, is not evaluated as highly original, innovative or creative.

- o As the United States winter outerwear market has become more competitive, retailers have become more demanding for special pricing, "markdown money", advertising allowances, "take back" guarantees, creative customer service, etc.

  These practices are not common in the Canadian market. Canadian winter outerwear manufacturers, therefore, generally have more limited knowledge of these buying/marketing/negotiating practices as they are currently widely used in the United States.

- o Canadian winter outerwear manufacturers must develop greater awareness of the United States market related to:

  -- The mechanics of exporting from the manufacturer's particular geographic area, the border port of entry, the logistics of entry, and operation in the United States.

  -- The Canadian Target Market in the United States.

  -- Current retail buying/marketing/negotiating practices that are now widely used in the very competitive United States market.

Retail Sales of Winter Outerwear in the United States for 1985

The United States winter outerwear market is not documented with the same accuracy and detail as reported for the Canadian market. The fragmented information that is available from industry and government sources has been integrated to present the most accurate and comprehensive profile practical.

Definitional Problems and Data Comparability

- o At the outset, information about the United States winter outerwear market is very limited and is generally incompatible with the Canadian winter outerwear statistics.

  The Bureau of the Census in the Current Industrial Reports and the Annual Survey of Manufacturers generate data and report on apparel categories that are difficult to compare and are not directly applicable to this analysis.

  - -- In the APPAREL IMPORT DIGEST, 1986 Annual Issue, for example, the American Apparel Manufacturing Association defined "outwear garments" as:

    "...all coats, dresses, knit shirts, woven shirts and blouses, skirts, suits, sweaters, trousers and shorts". Based on this definition, 2.38 billion garments were imported into the United States in 1986.

    This definition, of course, is incompatible with the definition of winter outerwear adopted here.

  - -- The Bureau of the Census documents the problems of data comparison across export, import and domestic production statistics for the United States:

    "...The Standard Industrial Classification (SIC) system used for domestic output and the statistical export and import commodity classifications were developed independently. This results in considerable difficulty in comparing the three types of data for many commodity areas. The domestic output classification is based on type of industry; on the other hand, the export and import classification system is more materials oriented. Also, there are a substantial number of imported commodities which have no comparable domestic output classification..."

Key Government Data Sources

- o The estimates of the United States winter outerwear retail market have been constructed from:

  - -- Documented United States domestic winter outerwear production building upon a Standard Industrial Classification (SIC) Product Line Analysis of the Men's and Boys' Outerwear and Women's and Girls' Outerwear, Current Industrial

Reports for 1985 and the 1985 Annual Survey of Manufacturers, all produced by the United States Department of Commerce.

-- Estimates of American apparel industry trade practices and import/export information by the American Apparel Manufacturers Associations and the Office of Textiles and Apparel, United States Department of Commerce.

-- In-depth interviews with government analysis and the Survey of Winter Outerwear Retailers.

Estimated Retail Sales of Winter Outerwear - 1985

o The Estimated United States Winter Outerwear Retail Market: A Summary of Selected Product Lines--1985 is presented in Exhibit III-4.

-- The winter outerwear retail market value for 1985 in the United States is estimated at $6.2 billion, excluding exports.[1]

-- United States domestic production in the selected product categories available for domestic consumption, excluding exports, was approximately $3.5 billion.

-- Imports in the selected product categories were approximately $2.7 billion.

The analytical procedures and assumptions for estimating winter outerwear retail market value are presented in Exhibit III-5.

o As noted in Chapter I, in establishing an operational definition for winter outerwear to be used in this analysis, the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, chose to exclude fur garments from the definition.

Some fur garments, however, do actively compete for the consumer's winter outerwear expenditure dollar. For informational reference, therefore, the fur apparel statistics for the United States for 1985 are included.

-- Fur apparel domestic production in 1985 approximated $377.4 million at wholesale value and an estimated $693 million at retail dollar value.

-- Imports of fur apparel were estimated in the $260 million range at retail dollar value.

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[1]United States market statistics are reported in United States dollars.

- o United States apparel analysts also report that the product category of "rainwear" is now comprised of a major volume of "winter outerwear".

  The estimated retail dollar volume is:

  -- $137.6 million for Men's and Boys' Apparel.

  -- $151.9 million for Women's and Girls' Apparel.

  The government and industry analysts report that most of the traditional, low-priced, plastic/vinyl, or coated rainwear has moved into the low-cost, "off-shore" import sector.

  The "rainwear" produced in the United States is considered to be largely composed of lined, higher quality, "all weather" higher price point coats that would qualify within the adopted definition of "winter outerwear" used here.

- o The United States value of manufacturers shipments for men's and boys' winter outerwear and for women's and girls' winter outerwear by specific product line are presented in Exhibits III-6 and III-7.

Exhibit III-4

Estimated United States Winter Outerwear Retail Market

A Summary of Selected Product Lines[1]

1985

		Estimated Retail Value (Millions of Dollars)[2]
Estimated United States Production of Winter Outerwear by Major Product Category		$ 3,490.6
Men's and Boys' Winter Outerwear[3]	$ 1,779.6	
Women's and Girls' Winter Outerwear[4]	1,449.4	
Leather and Sheeplined Clothing[5]	261.6	
Estimated United States Winter Outerwear Imports: Retail Value		2,737.6
Estimated Total United States Winter Outerwear: Retail Value		$ 6,228.2[6]

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[1]For complete technical details on the estimates, see Exhibit III-5, Procedures and Assumptions for Estimating United States Winter Outerwear Retail Market Value - 1985: A Technical Note.

[2]United States market statistics are reported in United States dollars.

[3]Based on Standard Industrial Classification (SIC) Product Line Analysis of Men's and Boys' Outerwear, 1985, Current Industrial Reports, U.S. Department of Commerce, Bureau of the Census, MA23E (85)-1, Issued July, 1986.

[4]Based on Standard Industrial Classification (SIC) Product Line Analysis of Women's and Children's Outerwear, 1985, Current Industrial Reports, U.S. Department of Commerce, Bureau of the Census, MA23F (85)-1, Issued July, 1986.

[5]1985 Annual Survey of Manufacturers, Geographic Area Statistics, Industry Division, U.S. Department of Commerce, Bureau of the Census.

[6]Fur winter outerwear retail sales are not included in this estimate. The Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, consider the fur apparel industry to be a separate manufacturing sector.

Exhibit III-5

Procedures and Assumptions for Estimating

United States Winter Outerwear Retail Market Value

1985

A Technical Note[1]

Estimated United States Domestic Production

- The United States domestic production of men's and boys' and women's and girls' winter outerwear was compiled based on a Standard Industrial Classification (SIC) Product Line Analysis using data reported in the relevant Current Industrial Reports for 1985.

- The United States domestic production of fur apparel and leather sheeplined coats was compiled from the 1985 Annual Survey of Manufacturers.

Estimated United States Exports

- The United States exports of winter outerwear reported for Men's and Boys' Other Coats and for Women's and Girls' Coats and Jackets were deducted from the United States domestic production to generate a total dollar value of domestic production available for domestic consumption.

Estimating United States Imports

- The United States imports of winter outerwear were estimated based on the imports' share of apparent domestic consumption in the United States reported in the respective Current Industrial Reports for 1985.

  -- Imports accounted for 43.4% of apparent domestic consumption of Men's and Boys' Other Coats (the most comparable winter outerwear category) based on dollar value in 1985.

  -- Imports accounted for 37.4% of apparent domestic consumption of Women's and Girls' Coats and Jackets (the most comparable winter outerwear category) based on dollar value in 1985.

  -- Imports for leather and sheeplined coats were estimated at 40.9% of apparent domestic consumption for 1985. The 40.9% estimate was the weighted average of the men's and boys' and women's and girls' import statistics.

  No other valid, relevant data existed for these apparel categories. Therefore, assumption on import relationships had to be made.

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[1]United States market statistics are reported in United States dollars.

Exhibit III-5

Procedures and Assumptions for Estimating

United States Winter Outerwear Retail Market Value

1985

A Technical Note[1]

(Continued)

Marking Up Value of Manufacturers Shipments at Wholesale Value to Retail Value

- Conversion of dollar value of manufacturers shipments, domestic and import value, to retail dollar value was based on average retail markups reported by the American Apparel Manufacturers Association of:
  - 44% markup on retail sales price for domestic production.
  - 50% markup on retail sales price for import production.

[1] United States market statistics are reported in United States dollars.

Exhibit III-6

Men's and Boys' Winter Outerwear United States Domestic Production

By Standard Industrial Classification (SIC) Product Line

Value of Manufacturers Shipments[1]

1984 - 1985

SIC Product Code	Product Description	Value of Manufacturers Shipments (Millions of Dollars)[2] 1985	1984
23112-15	Men's Overcoats, Topcoats, & Tailored Suburban & Car Coats, Including Uniforms	$ 109.9	$ 107.7
23114-14	Boys' Overcoats, Topcoats, & Tailored Suburban & Car Coats, Including Uniforms	2.9	2.8
23113-10 23114-19	Men's & Boys' Separate Vests, Excluding Sweater Vests	19.9	22.5
23291-22	Men's Heavy Non-Tailored Outer Jackets Except Ski, Including Uniforms	320.0	328.8
23292-51	Men's Light Non-Tailored Outer Jackets, Including Uniforms	276.9	270.3
23291-61	Men's & Boys' Down & Feather Filled Coats, Jackets & Vests	74.5	80.7
23291-25	Boys' Non-Tailored Heavy Outer Jackets Except Ski	38.2	34.8
23292-09	Boys' Non-Tailored Light Outer Jackets	36.9	39.9
23291-81	Men's & Boys' Padded Jackets, Vests & Coat Vests	50.9	(NA)
23292-82	Ski Jackets, including Ski Vests	34.2	40.4
23292-84	Ski Pants	6.5	8.0
23284-61	Men's and Boys' Overall & Work Type Jackets	38.7	34.4
TOTAL		$ 1,009.5	$ 970.3

(NA) = Not Available

[1]Based on Standard Industrial Classification (SIC) Product Line Analysis of Men's and Boys' Outerwear, 1985, Current Industrial Reports, U.S. Department of Commerce, Bureau of the Census, MA23E (85)-1, Issued July, 1986.

[2]United States market statistics are reported in United States dollars.

Exhibit III-7

Women's, Girls' and Children's Winter Outerwear United States Domestic Production

By Standard Industrial Classification (SIC) Product Line

Value of Manufacturers Shipments[1]

1984 - 1985

SIC Product Code	Product Description	Value of Manufacturers Shipments (Millions of Dollars)[2] 1985	1984
23371-00 23631-21	Coats, Including Down or Feather Filled, & Excluding Fur, All Leather & Rain	$ 564.7	$ 687.6
23374-41	Non-Tailored Outer Jackets, Excluding Ski	76.6	73.1
23374-31	Vests, Excluding Sweater Vests	12.9	16.0
23371-44	Down & Feather Filled Coats, Jackets & Vests	14.4	29.8
23397-02	Ski Jackets, Including Ski Vests	19.4	27.4
23397-40	Ski Pants	7.3	7.6
23631-13	Girls', Subteens & Teenage Coats, Except Down & Feather Filled	7.9	7.8
23631-12	Children's & Infants' Coats, Including Coat & Leggings' Sets, Coat & Snowpant Sets, Ski Suits & Snowsuits	70.0	86.9
23631-28	Girls', Children's, & Infants' Jackets	53.3	56.0
TOTAL		$ 826.5	$ 992.2

[1]Based on Standard Industrial Classification (SIC) Product Line Analysis of Women's and Children's Outerwear, 1985, Current Industrial Reports, U.S. Department of Commerce, Bureau of the Census, MA23F (85)-1, Issued July, 1986.

[2]United States market statistics are reported in United States dollars.

Chapter IV

The Canadian Target Market Potential Analysis of Winter Outerwear

in the United States: Consumer Retail Sales Potential

Canadian Target Market Potential Analysis: Focus on Two Broad Market Dimensions

The Canadian Target Market Potential Analysis of Winter Outerwear in the United States has focused on two broad market dimensions involving identification of:

- The cold climate, border/near border states in the United States and the Metropolitan Standard Areas (MSA's) within those states that have the highest consumer demand and potential retail sales for Canadian winter outerwear.

  The selected cold climate, border/near border states and the Metropolitan Standard Areas (MSA's) are designated the Canadian Target Market for winter outerwear in the United States.

- The key buying centers and retail stores that serve the Canadian Target Market in the United States.

Chapter IV presents the methodology of the Canadian Target Market Potential Analysis and profiles the selected states in the Canadian Target Market and the Metropolitan Standard Area's (MSA's) in those states on key economic, demographic, retail sales, apparel sales and estimated winter outerwear retail sales dimensions.

Chapter V presents a description of A Directory of Selected Winter Outerwear Retailers in the Canadian Target Market by State and Estimated Retail Sales Volume with key illustrative retailer references. The Directory is intended as an initial prospect list for aggressive target marketing by Canadian winter outerwear manufacturers in their export marketing strategies.

Organization of Chapter IV

Chapter IV is organized around the following sections:

- The Methodology: An Overview.

  A general understanding of the analysis, rationale and procedures is necessary for accurately interpreting the data file.

- Canadian Target Market Potential for Winter Outerwear in the United States: A National·Summary of the Consumer Market.

- Estimates of Canadian Target Market Retail Sales Potential for Winter Outerwear by Major Geographical Area.

- Estimates of Canadian Target Market Retail Sales Potential for Winter Outerwear by State and Metropolitan Standard Area (MSA)--The State Data File: A Description.

- The Connecticut Data File: An Illustration

The Methodology: An Overview

The Canadian Target Market Potential Analysis of Winter Outerwear in the United States has been designed to generate a comprehensive data file which is descriptive of the market. The research has focused on:

- o Defining the cold climate, border/near border states in the United States that are considered to have the highest potential for the export of Canadian outerwear.
- o Organizing geographic Market Regions and identifying within each Market Region and target market state, the Metropolitan Statistical Areas that represent the highest market potential.
- o Profiling each Metropolitan Statistical Area using basic statistical information and estimated market potential for winter outerwear.
- o Identifying major retail buying centers or major retailers serving the markets.
- o Developing a Canadian Target Market Potential analysis methodology that individual Canadian winter outerwear manufacturers could use to reanalyze the data bank for developing their own proprietary export target marketing strategies.

Defining the Cold Climate, Border/Near Border States of the United States as the Primary Canadian Target Market.

The cold climate, border/near border states of the United States selected as primary target markets are presented in the United States map, Exhibit IV-4. The states were selected because they:

- o Have cold winter climates that could potentially utilize Canadian winter outerwear, either in the quality basic outerwear category or in the higher fashion outerwear category.
- o Are readily accessible to one or more of the Canadian winter outerwear centers, Montreal, Toronto and/or Winnipeg.
- o Represent major population centers with significant consumer buying power, retail sales and, more specifically, apparel sales.
- o Have well developed clothing retailing infrastructures.

Organizing Geographic Market Regions

Building upon the selected Canadian Target Market states, Market Regions were organized to guide regional market potential analysis.

- o The selected target market states were grouped into three Canadian Target Market Regions:

  -- Eastern Region.

  -- Midwest Region.

  -- Western Region.

- o Within each of the Canadian Target Market Regions, the selected states were further analyzed in-depth.

  The Metropolitan Statistical Areas were identified as the primary unit of market potential analysis.

- o A total of 36 target market states involving 199 Metropolitan Statistical Areas have been included in the regional market analysis, Exhibit IV-1.

Exhibit IV-1

Organizing Geographic Market Regions

Eastern
Region: 14 States -- 67 Metropolitan Statistical Areas (MSA's)

Connecticut:	4 MSA's	New Jersey:	8 MSA's
Delaware:	1 MSA	New York:	13 MSA's
District of Columbia:	1 MSA	Pennsylvania:	15 MSA's
Maine:	3 MSA's	Rhode Island:	1 MSA
Maryland:	3 MSA's	Vermont:	1 MSA
Massachusetts:	5 MSA's	Virginia:	6 MSA's
New Hampshire:	2 MSA's	West Virginia:	4 MSA's

Midwestern
Region: 13 States -- 88 Metropolitan Statistical Areas (MSA's)

Illinois:	11 MSA's	Minnesota:	4 MSA's
Indiana:	12 MSA's	Missouri:	6 MSA's
Iowa:	7 MSA's	Nebraska:	2 MSA's
Kansas:	3 MSA's	North Dakota:	3 MSA's
Kentucky:	3 MSA's	Ohio:	13 MSA's
Michigan:	11 MSA's	South Dakota:	2 MSA's
		Wisconsin:	11 MSA's

Western
Region: 9 States -- 44 Metropolitan Statistical Areas (MSA's)

Northern California:	16 MSA's	Nevada:	2 MSA's
Colorado:	6 MSA's	Oregon:	4 MSA's
Idaho:	1 MSA	Utah:	2 MSA's
Montana:	2 MSA's	Washington:	9 MSA's
		Wyoming:	2 MSA's

Profiling the Metropolitan Statistical Areas

Each Metropolitan Statistical Area was profiled based on a series of statistical information including:

- o Economic data.
- o Demographic data.
- o Retail sales data.
- o Apparel sales data.
- o Estimated winter outerwear sales.

The specific statistical measures used in the profile analysis are presented in Exhibit IV-2.

Identifying Major Retail Buying Centers or Major Retailers Serving the Market

For each target market state and Metropolitan Standard Area (MSA), the retailing community was analyzed to identify major retail buying centers, e.g., corporate buying offices or resident buying offices, or major retailers who made buying decisions in that market area.

The process involved:

- o Establishing criteria for qualifying individual retailers as potential buyers of Canadian winter outerwear in the target market.

  Criteria included financial net worth, annual retail sales volume in the store's product mix, and price pointing in the moderate to better price categories.

- o Reviewing apparel industry trade sources to identify specific retailers in the Canadian Target Market states and develop information about the individual retailers.

- o Selection of the qualified retail buying centers or individual retailers.

- o Completion of a Directory of Selected Winter Outerwear Retailers in the Canadian Target Market as an initial prospect list.

Developing a Target Market Potential Analysis Methodology

The Target Market Potential Analysis of Winter Outerwear in the United States has developed a methodology that can be adapted by any individual Canadian winter outerwear manufacturer for developing its own proprietary export target marketing strategies.

- o The original statistical data base involves the Survey of Buying Power for 1985, the most current information available in the Spring, 1987.

The Survey of Buying Power is produced by Market Statistics, New York, New York. The Survey of Buying Power is developed annually by Market Statistics and is published in part in SALES AND MARKETING MANAGEMENT a leading national trade publication in the sales and marketing field. The Survey of Buying Power is one of the oldest, most accurate and most often quoted private sources of demographic, economic, retail sales, and business information in the United States.

The data reported here can be updated annually through Market Statistics, New York, New York.[1] More detailed information can be added from the Survey of Buying Power as considered necessary by a particular user.

- The complete detailed statistical referenced in this analysis is available for every selected target market state and Metropolitan Statistical Area in a special report entitled The Canadian Target Market Potential for Winter Outerwear in the-United States. The special report is available upon special request from the Department of Regional Industrial Expansion and External Affairs, Government of Canada, Ottawa, Ontario.[2]

- An individual manufacturer can use the information to identify, analyze, and select specific target market states and/or Metropolitan Statistical Areas that are most relevant to its product category, geographic focus and target marketing strategy.

  More detailed information can be added from the Survey of Buying Power, Market Statistics, New York, New York, as considered necessary by a user in a particular analysis.

- The Directory of Selected Winter Outerwear Retailers in the Canadian Target Market can be easily updated by reviewing available apparel industry trade-sources, building upon the data file of retailers developed in this project.

  Chapter V presents the Directory in greater detail.

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[1] Market Statistics, 633 Third Avenue, New York, New York 10017.

[2] Services Industries
and Consumer Products
Department of Regional Industrial Expansion
Government of Canada
235 Queen Street
Ottawa, Ontario K1A 0H5
(613)954-2888

USA Trade & Tourism Development Division
USA Trade, Tourism & Investment Development Bureau
Department of External Affairs
125 Sussex Drive
Ottawa, Ontario K1A 0G2
(613)991-9482

Exhibit IV-2

Measures Used in Profiling Metropolitan Statistical Areas

Each Metropolitan Statistical Area has been profiled based on these specific measures.[1]

Economic Data

Effective Buying Income (EBI): Personal income less personal tax and nontax payments.

Buying Power Index (BPI): A weighted index that converts elements...population, Effective Buying Income, and retail sales...into a measurement of a market's ability to buy, and expresses it as a percentage of the United States potential.

Median Household Income

Households Earning $50 K+

Total Households

Demographic Data

Population By Age Group

Total Population

Projected 5 Year Population Growth: 1985-1990

Total Retail Sales

Apparel Sales

Specialized Apparel Store Sales

---

[1] United States market statistics are reported in United States dollars.

Canadian Target Market Potential for Winter Outerwear in the

United States: A National Summary of the Consumer Market

In overview, the Analysis of Canadian Target Market Potential in the United States has identified a significant market potential for export of Canadian winter outerwear to the cold winter climate, border/near border states in the United States. Several basic conclusions have emerged from the analysis.

United States Apparel Sales: An Overview

- Since 1982, clothing and accessories sales have accounted for approximately 5.1% of total personal consumption expenditures.

- In 1985, the Survey of Buying Power reported United States combined sales of Men's and Boys' and Women's and Girls' apparel totalling over $114 billion. Exhibit IV-3.[1,2]

- The United States market divided 34% Men's and Boys' compared with 66% Women's and Girls' apparel sales. Exhibit IV-3.

Canadian Target Market Apparel Sales: An Overview

- Based on a regional analysis of climatic conditions in the United States, 36 cold climate, border/near border states of the United States were selected as representing primary target markets for Canadian winter outerwear. The target-market states included 199 Metropolitan Standard Areas (MSA's). The target market states are listed and graphically identified in Exhibits IV-4 and IV-5.

- The Canadian Target Market posted combined Men's and Boys' and Women's and Girls' apparel sales of approximately $64.8 billion. Exhibit IV-3.

  The Canadian Target Market represented approximately 57% of total United-States apparel sales. Exhibit IV-3.

- The Canadian Target Market sales divided similar to the United States total: 34% accounted for by Men's and Boys' apparel and 66% accounted for by Women's and Girls' apparel. Exhibit IV-3.

---

[1]Note that the apparel sales statistics reported from the Survey of Buying Power and the American Apparel Manufacturers Association do not compare directly. The statistics are taken from different data bases and involve different calculation procedures. The Survey of Buying Power is based on estimated retail sales of apparel for 1985. The American Apparel Manufacturers Association built its estimate from manufacturing statistics including some cross industry production fabrication and retail average markup assumptions for 1986.

[2]United States market statistics are reported in United States dollars.

An Estimation Procedure

There are no accurate and detailed data reporting winter outerwear sales in the United States comparable to the Canadian winter outerwear market information.

The strongest relevant sales data series in the United States is total men's and boys' and women's and girls' apparel sales reported by the Survey of Buying Power, Market Statistics, New York, New York.

Winter outerwear sales, therefore, were estimated for the Canadian Target Market-states, and for the involved Metropolitan Standard Areas based on the following analysis and assumptions.[1]

- Analysis of the detailed Canadian sales data indicate winter outerwear sales approximate 7%-8% of total dollar value apparel sales.

- The estimated United States winter outerwear sales for 1985 detailed in Exhibit III-4 compared with total apparel sales for the United States documented that winter outerwear sales were approximately 6% of total apparel sales for the entire United States market.

  Given the climatic differences across the United States, retailers suggest that 75%-85% of the winter outerwear sales in the United States are made within the cold climate states identified as the Canadian Target Market.

- Assuming the Canadian Target Market does account for 75%-85% of winter outerwear sales, within that cold climate area, winter outerwear sales in that region account for between 8% and 9% of total apparel sales.

  The analytical approach and the statistics of 7%-9% winter outerwear as a percentage of total outerwear were reviewed with several Canadian winter outerwear manufacturers and United States retailers for validity.

Therefore, the statistic of 8% has been used as a broad, rational and conservative-guideline or benchmark to estimate the market potential for the broadly defined category of winter outerwear.

A manufacturer of a more narrow product item/category can adjust the statistic to fit its specific product category and use the same analysis procedure.

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[1]United States market statistics are reported in United States dollars.

Exhibit IV-3

Total Apparel Sales

Canadian Target Market Potential

1985

National Summary

($000,000)

Percent Of Combined Apparel Sales

- o United States
- o Canadian Target Market Potential

	Combined Apparel Sales	% Of United States	Mens & Boys Apparel Sales	% Of United States	Womens & Girls Apparel Sales	% Of United States
Total United States	114,488.1	100.0%	38,901.3	100.0%	75,586.8	100.0%
Total Canadian Target Market	64,782.9	56.6%	21,882.1	56.3%	42,900.8	56.8%

Percent Of Combined Apparel Sales

- o Mens & Boys Apparel Sales
- o Womens & Girls Apparel Sales

	Combined Apparel Sales	% Of Combined Apparel Sales	Mens & Boys Apparel Sales	% Of Combined Apparel Sales	Womens & Girls Apparel Sales	% Of Combined Apparel Sales
Total United States	114,488.1	100.0%	38,901.3	34.0%	75,586.8	66.0%
Total Canadian Target Market	64,782.9	100.0%	21,882.1	33.8%	42,900.8	66.2%

Exhibit IV-4

United States

Regional Markets

Winter Outerwear Sales

Canadian Target Market Potential

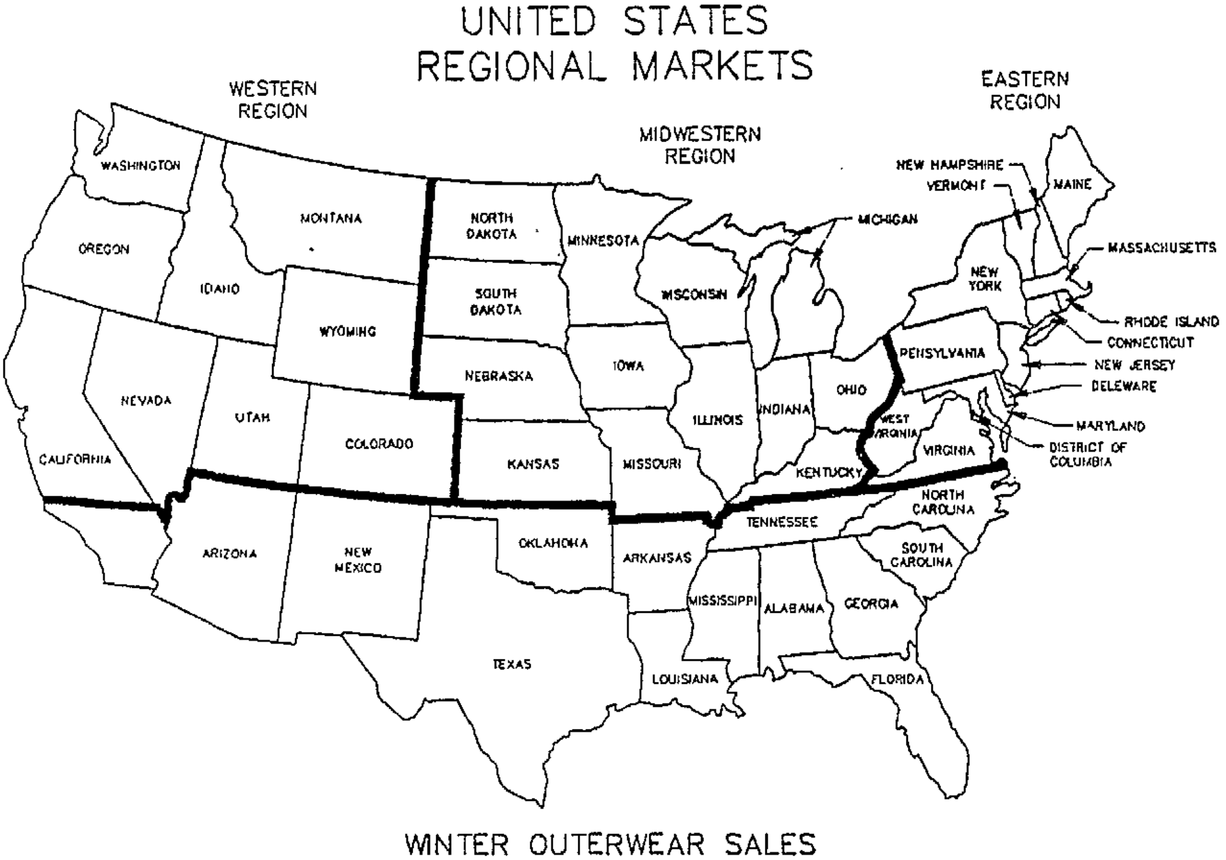

Exhibit IV-4

Estimates of Canadian Target Market Winter Outerwear Sales

Based on the analysis framework, several key conclusions have emerged:

- o The total Canadian Target Market for winter outerwear is approximately $5.2 billion across the selected Canadian Target Market states. Exhibit IV-10.

- o The top 8 states in the Canadian Target Market represents $3.3 billion, over 60% of the market potential. Exhibit IV-5.

  New York accounts for over 15% followed by Pennsylvania, California, Illinois, Ohio, New Jersey, Michigan and Massachusetts. Exhibit IV-5.

- o The top 20 states in the Canadian Target Market represents $4.8 billion, over 90% of the market potential. Exhibits IV-5 and IV-6.

- o At the local target market level, the top 6 Metropolitan Standard Areas represent 29% of the total Canadian Target Market. Exhibit IV-7.

  New York City leads the group with 8% market share, followed by Chicago with 6% market share, both trailed by Philadelphia, and Boston-Lawrence-Salem-Lowell-Brockton, Detroit and Washington, D.C. Exhibits IV-7 and IV-8.

- o The top 20 Metropolitan Standard Areas account for over $2.8 billion, approximately 54% of the Canadian Target Market. Exhibits IV-7 and IV-8.

- o The remaining 46% of the Canadian Target Market is accounted for by 179-smaller Metropolitan Standard Areas.

Exhibit IV-5

Combined Regions

Estimated Winter Outerwear Sales

Canadian Target Market Potential

Top 20 States

($000,000)

Rank	State	8% Of Combined Apparel Sales	% Of Canadian Target Market	8% Of Mens & Boys Apparel Sales	% Of Canadian Target Market	8% Of Womens & Girls Apparel Sales	% Of Canadian Target Market
	TOTAL	4,781.2	92.3%	1,609.6	91.9%	3,171.6	92.4%
1	New York	759.1	14.6%	259.0	14.8%	500.1	14.6%
2	Pennsylvania	457.7	8.8%	147.8	8.4%	309.9	9.0%
3	California	433.5	8.4%	149.9	8.6%	283.6	8.3%
4	Illinois	401.7	7.8%	129.9	7.4%	271.8	7.9%
5	Ohio	355.4	6.9%	122.4	7.0%	233.0	6.8%
6	New Jersey	307.0	5.9%	102.5	5.9%	204.5	6.0%
7	Michigan	299.4	5.8%	98.6	5.6%	200.8	5.9%
8	Massachusetts	289.1	5.6%	96.2	5.5%	192.9	5.6%
9	Missouri	195.2	3.8%	65.9	3.8%	129.3	3.8%
10	District Of Columbia	176.4	3.4%	58.1	3.3%	118.3	3.4%
11	Indiana	146.2	2.8%	50.0	2.9%	96.2	2.8%
12	Connecticut	138.9	2.7%	47.5	2.7%	91.4	2.7%
13	Washington	137.7	2.7%	47.4	2.7%	90.3	2.6%
14	Minnesota	132.5	2.6%	44.9	2.6%	87.6	2.6%
15	Wisconsin	115.7	2.2%	40.3	2.3%	75.4	2.2%
16	Colorado	107.2	2.1%	37.9	2.2%	69.3	2.0%
17	Virginia	104.6	2.0%	34.3	2.0%	70.3	2.0%
18	Maryland	94.0	1.8%	32.9	1.9%	61.1	1.8%
19	Oregon	68.4	1.3%	24.2	1.4%	44.2	[illegible]
20	Kentucky	61.5	1.2%	19.9	1.1%	41.6	[illegible]

Exhibit IV-6

Combined Regions

Estimated Winter Outerwear Sales

Canadian Target Market Potential

Top 20 States

($000,000)

Graphic

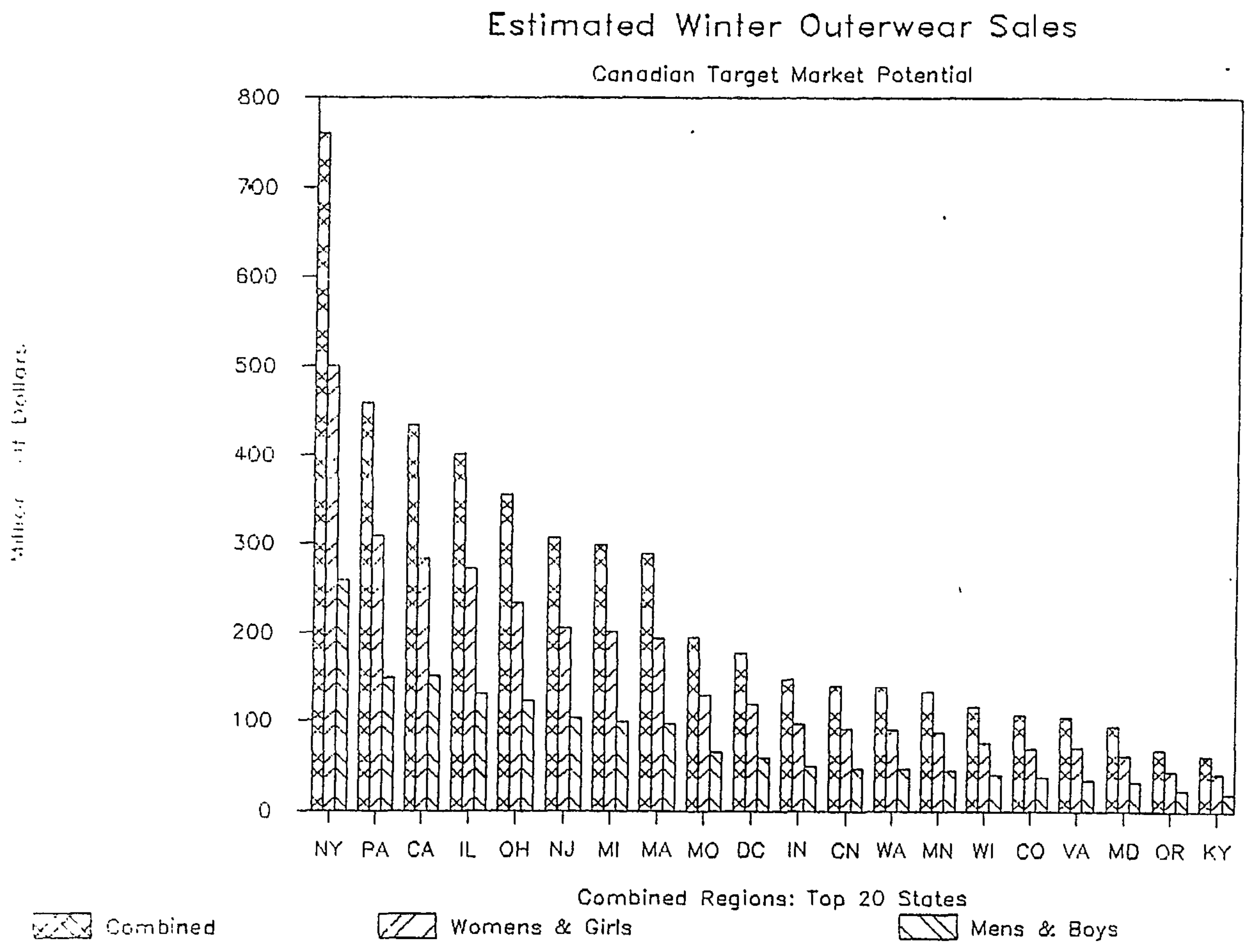

Exhibit IV-6

Exhibit IV-7

Combined Regions

Estimated Winter Outerwear Sales

Canadian Target Market Potential

Top 20 MSA Summary

($000,000)

Rank	Metropolitan Statistical Area (MSA)	State	8% Of Combined Apparel Sales	% Of Canadian Target Market	8% Of Mens & Boys Apparel Sales	% Of Canadian Target Market	8% Of Womens & Girls Apparel Sales	% Of Canadian Target Market
	TOTAL		2,808.5	54.2%	937.2	53.5%	1,871.3	54.5%
1	NEW YORK	NY	424.3	8.2%	144.3	8.2%	280.0	8.2%
2	CHICAGO	IL	314.2	6.1%	101.1	5.8%	213.1	6.2%
3	PHILADELPHIA	PA	215.5	4.2%	67.7	3.9%	147.8	4.3%
4	BOSTON-LAWRENCE-SALEM-LOWELL-BROCKTON	MA	212.5	4.1%	70.1	4.0%	142.4	4.2%
5	DETROIT	MI	181.1	3.5%	58.0	3.3%	123.1	3.6%
6	WASHINGTON	DC	176.4	3.4%	58.1	3.3%	118.3	3.4%
7	NASSAU-SUFFOLK	NY	149.9	2.9%	53.0	3.0%	96.9	2.8%
8	SAN FRANCISCO	CA	112.2	2.2%	39.1	2.2%	73.1	2.1%
9	MINNEAPOLIS-ST. PAUL	MN	107.6	2.1%	36.5	2.1%	71.1	2.1%
10	ST. LOUIS	MO	99.8	1.9%	33.4	1.9%	66.4	1.9%
11	OAKLAND	CA	88.3	1.7%	30.6	1.7%	57.7	1.7%
12	CLEVELAND	OH	87.9	1.7%	29.4	1.7%	58.5	1.7%
13	BERGEN-PASSAIC	NJ	87.5	1.7%	29.6	1.7%	57.9	1.7%
14	PITTSBURGH	PA	87.1	1.7%	28.0	1.6%	59.1	1.7%
15	BALTIMORE	MD	86.0	1.7%	30.0	1.7%	56.0	1.6%
16	SEATTLE	WA	79.7	1.5%	27.4	1.6%	52.3	1.5%
17	NEWARK	NJ	77.8	1.5%	24.3	1.4%	53.5	1.6%
18	SAN JOSE	CA	74.0	1.4%	25.5	1.5%	48.5	1.4%
19	KANSAS CITY	MO	73.6	1.4%	25.1	1.4%	48.5	1.4%
20	DENVER	CO	73.1	1.4%	26.0	1.5%	47.1	1.4%

Estimates of Canadian Target Market Potential for Winter Outerwear

By Major Geographic Area

To make possible more efficient geographical market potential analysis, the Canadian Target Market states were organized into three geographic regions. Exhibits IV-9 and IV-10. The estimates of winter outerwear sales by geographic Market Region for 1985 follow.[1]

Estimates of Canadian Target Market Potential for Winter Outerwear By Market Region

Eastern Region

- The 14 Canadian Target Market states of the Eastern region had an estimated $2.5 billion in winter outerwear sales, representing 48% of the total estimated winter outerwear market in the United States. Exhibits IV-9 and IV-10.

- The New York and New Jersey states dominated the Eastern Region with estimated sales of $759 million and $307 million respectively, totaling over $1 billion, representing 43% of the regional market. Exhibits IV-11 and IV-12.

- Pennsylvania accounted for $458 million, representing 18% of the region. Massachusetts accounted for $289 million, representing 12%. Exhibits IV-11 and IV-12.

Midwestern Region

- The 13 Canadian Target Market states of the Midwestern Region had an estimated $1.8 billion in winter outerwear sales, representing 36% of the total estimated winter outerwear market in the United States. Exhibits IV-13 and IV-14.

- Illinois, Ohio and Michigan were the major markets, registering $402, $355, and $299 million in estimated winter outerwear sales, representing 57% of the regional market. Exhibits IV-13 and IV-14.

Western Region

- The 9 Canadian Target Market states of the Western Region had an estimated $852 million in winter outerwear sales, representing 16% of the total estimated winter outerwear market. Exhibits IV-15 and IV-16.

- Northern California dominated the Western Region with $434 million in estimated winter outerwear sales, representing 50.9% of the regional market. Exhibits IV-15 and IV-16.

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[1] United States market statistics are reported in United States dollars.

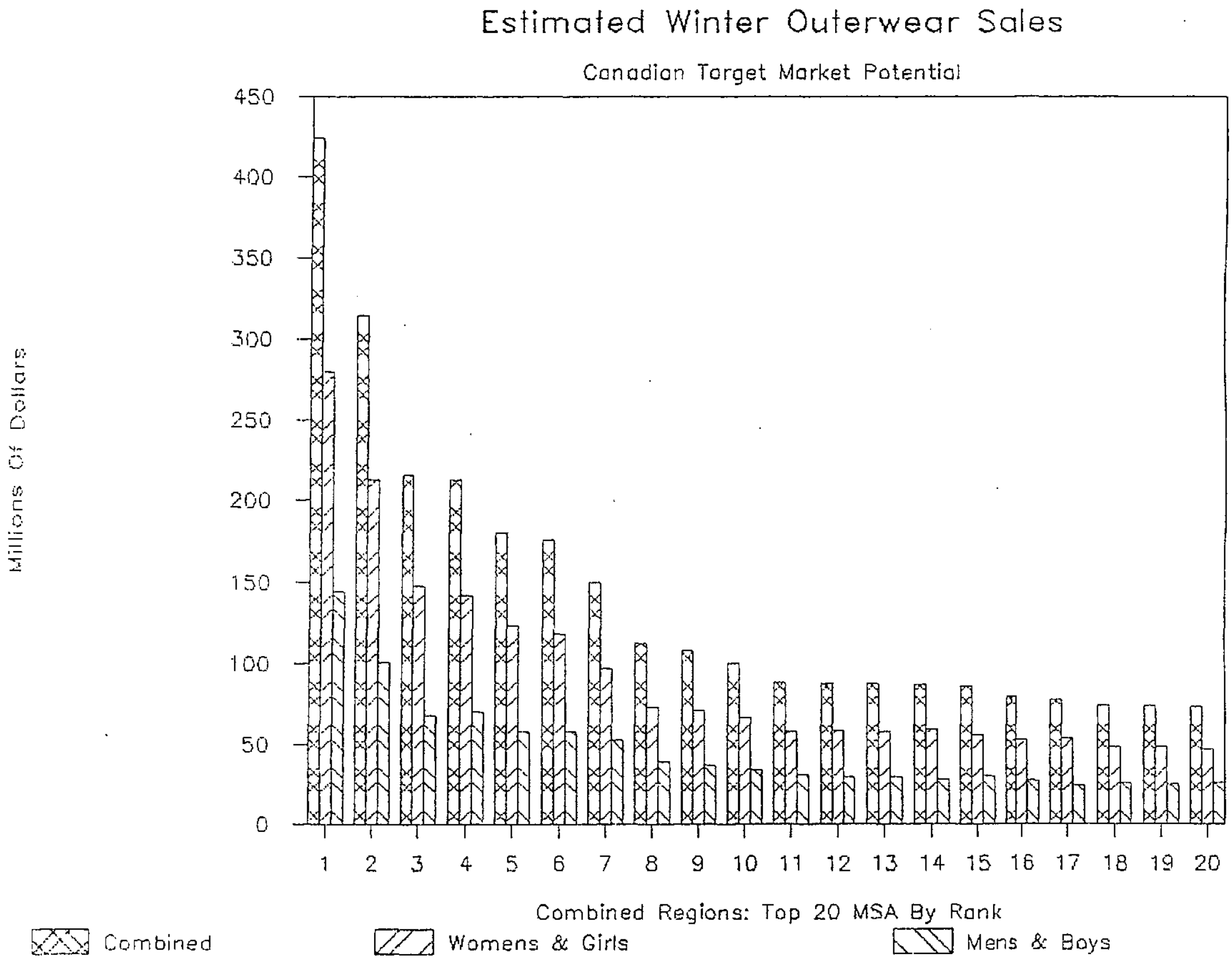
Estimated Winter Outerwear Sales
Canadian Target Market Potential
Millions Of Dollars
0
50
100
150
200
250
300
350
400
450
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20
Combined Regions: Top 20 MSA By Rank
Combined
Womens & Girls
Mens & Boys

Exhibit IV-8

Exhibit IV-9

Total Apparel Sales
Canadian Target Market Potential
1985

Regional Summary
($000,000)

	Combined Apparel Sales	% Of Canadian Target Market	Mens & Boys Apparel Sales	% Of Canadian Target Market	Womens & Girls Apparel Sales	% Of Canadian Target Market
Total Canadian Target Market	64,782.9	100.0%	21,882.1	100.0%	42,900.8	100.0%
Eastern Region	31,077.5	48.0%	10,438.2	47.7%	20,639.3	48.1%
Midwestern Region	23,058.7	35.6%	7,735.1	35.4%	15,323.6	35.7%
Western Region	10,646.7	16.4%	3,708.8	16.9%	6,937.9	16.2%

Exhibit IV-10

Winter Outerwear Sales
·Canadian Target Market Potential
A Calculated Estimate

Regional Summary
($000,000)

	8% Of Combined Apparel Sales	% Of Canadian Target Market	8% Of Mens & Boys Apparel Sales	% Of Canadian Target Market	8% Of Womens & Girls Apparel Sales	% Of Canadian Target Market
Total Canadian Target Market	5,182.0	100.0%	1,751.1	100.0%	3,430.9	100.0%
Eastern Region	2,486.1	48.0%	835.3	47.7%	1,650.8	48.1%
Midwestern Region	1,844.4	35.6%	619.1	35.4%	1,225.3	35.7%
Western Region	851.5	16.4%	296.7	16.9%	554.8	16.2%

Exhibit IV-11

Winter Outerwear Sales
Canadian Target Market Potential
A Calculated Estimate

Regional Summary By State
Eastern Region
($000,000)

	8% Of Combined Apparel Sales	% Of Canadian Target Market	8% Of Mens & Boys Apparel Sales	% Of Canadian Target Market	8% Of Womens & Girls Apparel Sales	% Of Canadian Target Market
Total Eastern Region	2,486.1	100.0%	835.3	100.0%	1,650.8	100.0%
New York	759.1	30.5%	259.0	31.0%	500.1	30.3%
Pennsylvania	457.7	18.4%	147.8	17.7%	309.9	18.8%
New Jersey	307.0	12.3%	102.5	12.3%	204.5	12.4%
Massachusetts	289.1	11.6%	96.2	11.5%	192.9	11.7%
District Of Columbia	176.4	7.1%	58.1	7.0%	118.3	7.2%
Connecticut	138.9	5.6%	47.5	5.7%	91.4	5.5%
Virginia	104.6	4.2%	34.3	4.1%	70.3	4.3%
Maryland	94.0	3.8%	32.9	3.9%	61.1	3.7%
West Virginia	37.1	1.5%	12.9	1.5%	24.2	1.5%
Rhode Island	35.3	1.4%	11.9	1.4%	23.4	1.4%
New Hampshire	31.5	1.3%	10.8	1.3%	20.7	1.3%
Maine	24.9	1.0%	10.7	1.3%	14.2	0.9%
Delaware	23.7	1.0%	8.1	1.0%	15.6	0.9%
Vermont	6.8	0.3%	2.6	0.3%	4.2	0.3%

Estimated Winter Outerwear Sales

Canadian Target Market Potential

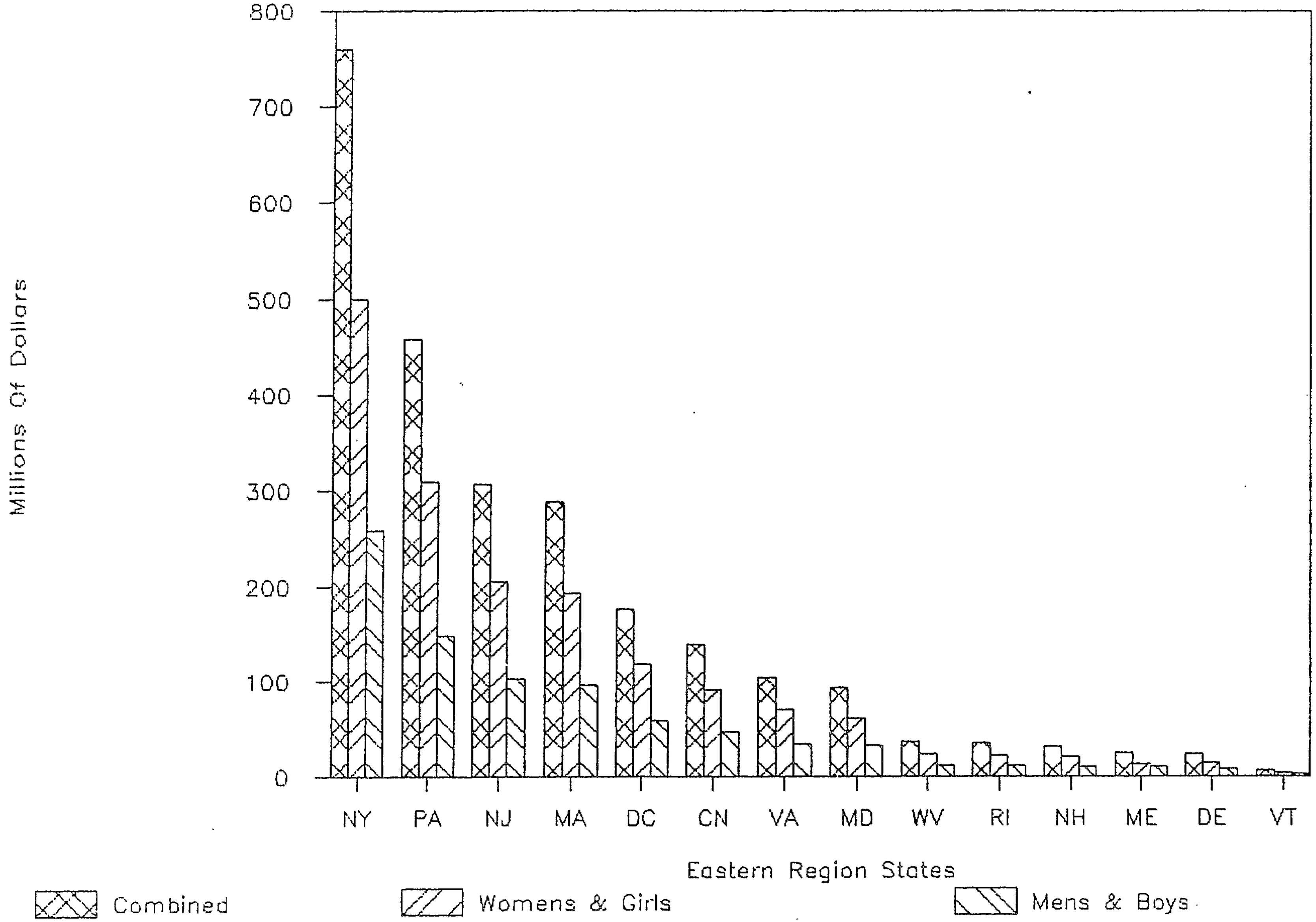

Exhibit IV-12

Exhibit IV-13

Winter Outerwear Sales
Canadian Target Market Potential
A Calculated Estimate

Regional Summary By State
Midwestern Region
($000,000)

	8% Of Combined Apparel Sales	% Of Canadian Target Market	8% Of Mens & Boys Apparel Sales	% Of Canadian Target Market	8% Of Womens & Girls Apparel Sales	% Of Canadian Target Market
Total Midwestern Region	1,844.4	100.0%	619.1	100.0%	1,225.3	100.0%
Illinois	401.7	21.8%	129.9	21.0%	271.8	22.2%
Ohio	355.4	19.3%	122.4	19.8%	233.0	19.0%
Michigan	299.4	16.2%	98.6	15.9%	200.8	16.4%
Missouri	195.2	10.6%	65.9	10.6%	129.3	10.6%
Indiana	146.2	7.9%	50.0	8.1%	96.2	7.9%
Minnesota	132.5	7.2%	44.9	7.3%	87.6	7.1%
Wisconsin	115.7	6.3%	40.3	6.5%	75.4	6.2%
Kentucky	61.5	3.3%	19.9	3.2%	41.6	3.4%
Iowa	56.1	3.0%	18.8	3.0%	37.3	3.0%
Nebraska	32.3	1.8%	11.2	1.8%	21.1	1.7%
Kansas	23.8	1.3%	8.9	1.4%	14.9	1.2%
North Dakota	14.1	0.8%	4.7	0.8%	9.4	0.8%
South Dakota	10.5	0.6%	3.6	0.6%	6.9	0.6%

Estimated Winter Outerwear Sales

Canadian Target Market Potential

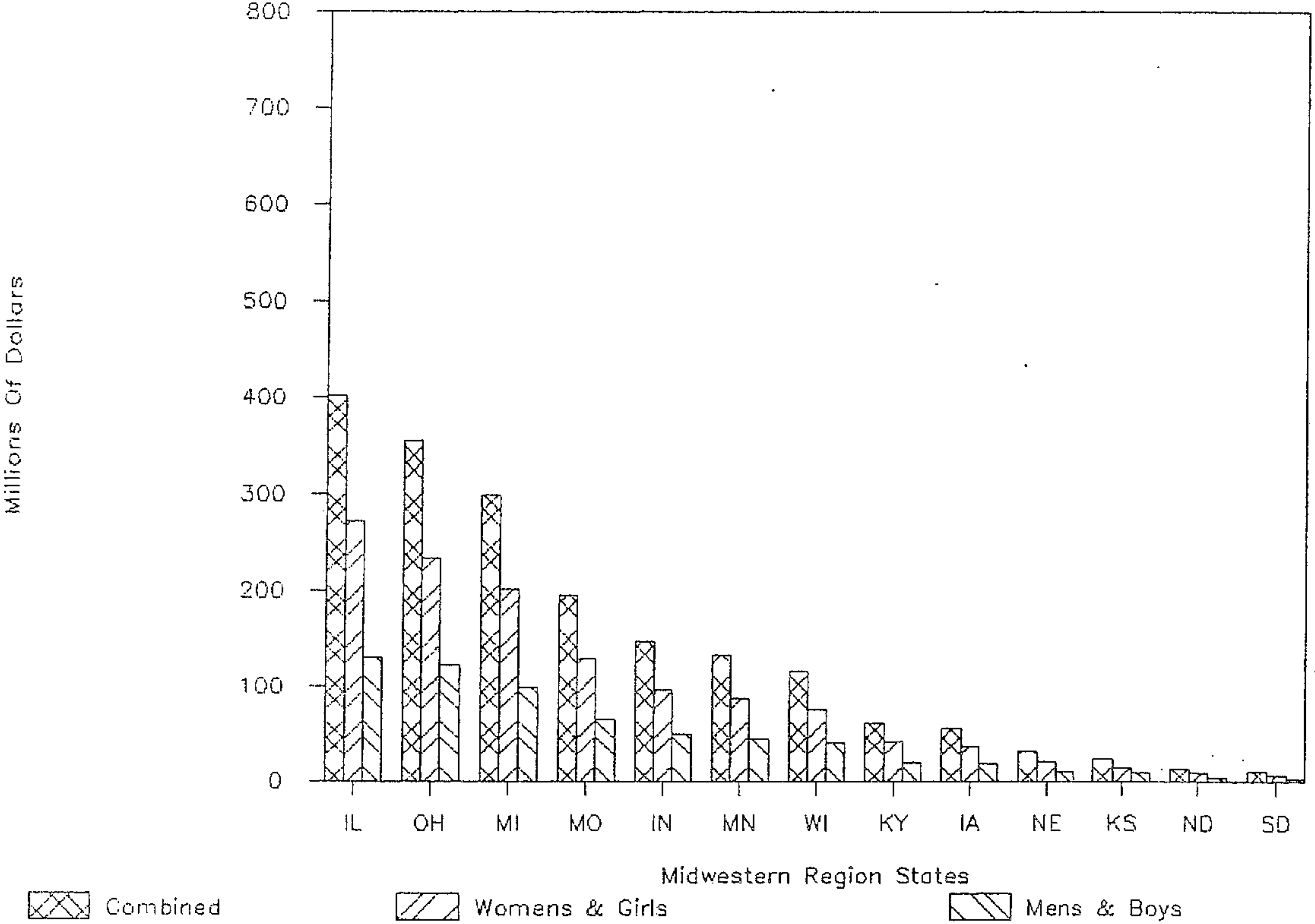

Exhibit IV-14

Exhibit IV-15

Winter Outerwear Sales
Canadian Target Market Potential
A Calculated Estimate

Regional Summary By State
Western Region
($000,000)

	8% Of Combined Apparel Sales	% Of Canadian Target Market	8% Of Mens & Boys Apparel Sales	% Of Canadian Target Market	8% Of Womens & Girls Apparel Sales	% Of Canadian Target Market
Total Western Region	851.5	100.0%	296.7	100.0%	554.8	100.0%
Northern California	433.5	50.9%	149.9	50.5%	283.6	51.1%
Washington	137.7	16.2%	47.4	16.0%	90.3	16.3%
Colorado	107.2	12.6%	37.9	12.8%	69.3	12.5%
Oregon	68.4	8.0%	24.2	8.2%	44.2	8.0%
Nevada	43.8	5.1%	15.5	5.2%	28.3	5.1%
Utah	40.9	4.8%	14.9	5.0%	26.0	4.7%
Montana	9.0	1.1%	3.0	1.0%	6.0	1.1%
Wyoming	5.7	0.7%	2.0	0.7%	3.7	0.7%
Idaho	5.3	0.6%	1.9	0.6%	3.4	0.6%

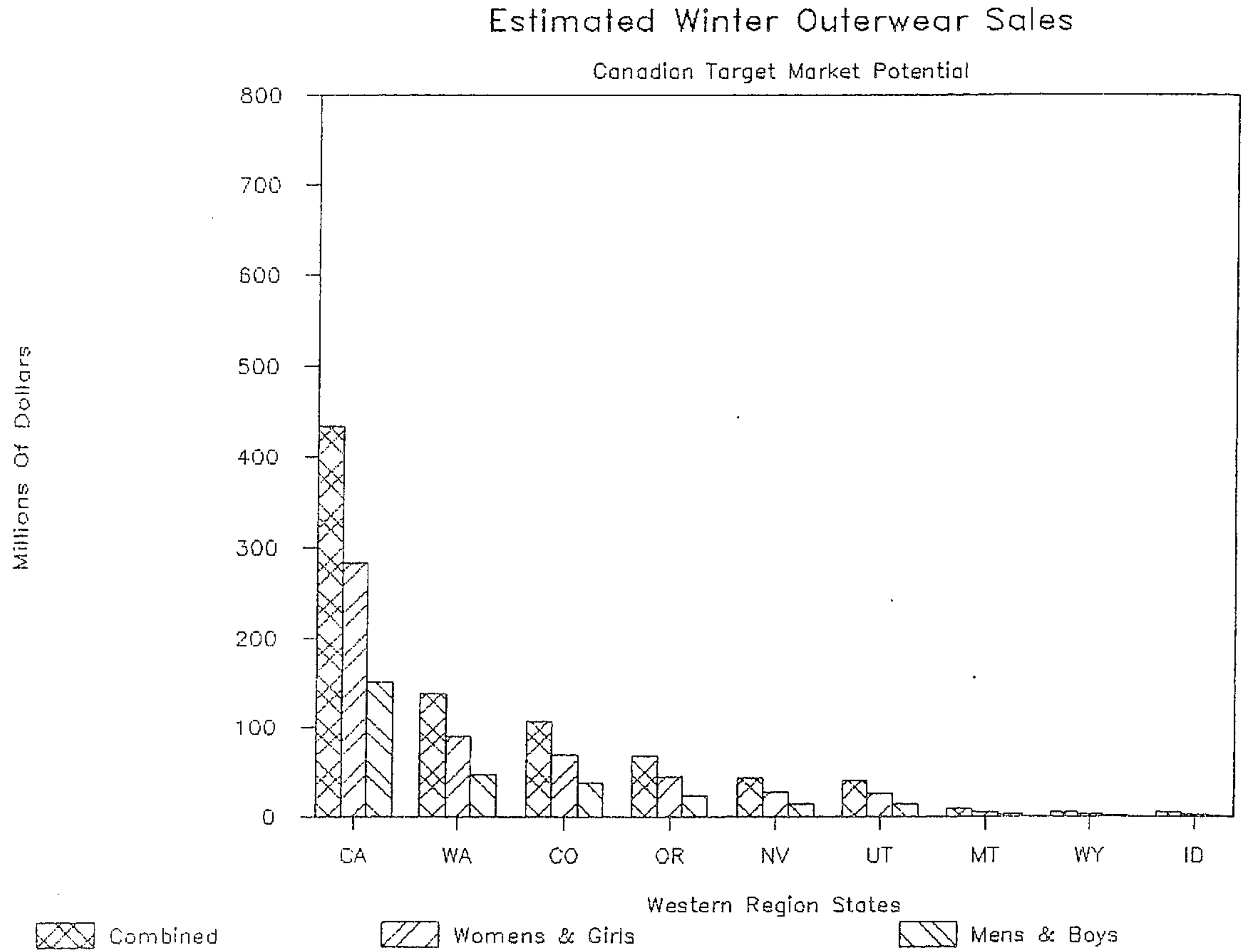

Exhibit IV-16

Estimates of Canadian Target Market Winter Potential for Winter Outerwear

By State and Metropolitan Standard Area (MSA)

The State Data File: A Description

The detailed geographic estimates of Canadian Target Market winter outerwear sales have been organized around the individual target market states and the Metropolitan Standard Areas (MSA's) within each state.

A basic statistical data file has been prepared for each of the 36 target market states and the associated 199 Metropolitan Standard Areas (MSA's) as the primary local target markets.[1]

Each state data file includes:

- o Economic Data
    - -- Effective Buying Income (EBI)
    - -- Buying Power Index (BPI)
    - -- Median Household Income
    - -- Households Earning $50,000+
    - -- Total Households
- o Demographic Data
    - -- Population by Age Group
    - -- Total Population
    - -- Projected 5 Year Population Growth: 1985-1990
- o Retail Sales Data
    - -- Total Retail Sales
    - -- Specialty Apparel Store Sales
    - -- Men's & Boys' Apparel Sales By All Stores, Apparel Stores, Department Stores.
    - -- Women's and Girls' Apparel Sales By All Stores, Apparel Stores, Department Stores.
- o Winter Outerwear Sales: A Calculated Estimate State Summary by Metropolitan Standard Area (MSA).
    - -- 8% of Combined Apparel Sales
    - -- 8% of Men's & Boy's Apparel Sales
    - -- 8% of Women's & Girl's Apparel Sales

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[1]United States market statistics are reported in United States dollars.

- o Rank Order of Target Market Metropolitan Standard Areas (MSA's) Based on Estimated Winter Outerwear Sales.

  -- Estimated Men's & Boys' Winter Outerwear Sales by All Stores, Apparel Stores, Department Stores.

  -- Estimated Women's & Girls' Winter Outerwear Sales by All Stores, Apparel Stores, Department Stores.

- o Rank Order of Target Market Metropolitan Standard Areas (MSA's) Within the State for Winter Outerwear.

  -- Combined Men's & Boys' and Women's & Girls' By All Stores, Apparel Stores, Department Stores.

- o A geographic map of the state which locates each Metropolitan Standard Area (MSA) within the state.

The Connecticut Data File: An Illustration

The complete Connecticut data file has been included as an illustration of the state data file. Exhibits IV-17 through IV-23.[1]

[1] United States market statistics are reported in United States dollars.

Exhibit IV-17

Connecticut
Rank Order Of Target Markets Based On
Total Apparel & Winter Outerwear Sales

Economic Data

Metropolitan Statistical Area (MSA)	Effective Buying Income ($000,000)	Buying Power Index	Median Household Income ($)	Households Earning $50k+ (000)	Total Households (000)
HARTFORD-NEW BRITAIN-MIDDLETOWN-BRISTOL	15,535.1	0.53	31,464	90.0	394.1
BRIDGEPORT-STAMFORD-NORWALK-DANBURY	14,839.3	0.47	36,886	102.0	292.5
NEW HAVEN-WATERBURY-MERIDEN	11,002.2	0.37	30,452	64.0	284.4
NEW LONDON-NORWICH	3,516.3	0.12	30,506	19.4	89.2

Exhibit IV-18

Connecticut
Rank Order Of Target Markets Based On
Total Apparel & Winter Outerwear Sales

Demographic Data

Metropolitan Statistical Area (MSA)	Population							
	Age 18-24 (000)	% Of Total	Age 25-44 (000)	% Of Total	Age 45+ (000)	% Of Total	Total Population (000)	5 Year Pop Growth (% 1985 to 1990)
HARTFORD-NEW BRITAIN-MIDDLETOWN-BRISTOL	126.6	11.8%	340.6	31.7%	352.1	32.7%	1,075.4	1.89
BRIDGEPORT-STAMFORD-NORWALK-DANBURY	80.0	9.8%	254.9	31.1%	283.9	34.6%	820.2	1.45
NEW HAVEN-WATERBURY-MERIDEN	87.7	11.3%	236.7	30.6%	265.8	34.4%	773.5	1.36
NEW LONDON-NORWICH	33.0	13.4%	78.0	31.7%	73.0	29.6%	246.4	3.04

Exhibit IV-19

Connecticut
Rank Order Of Target Markets Based On
Total Apparel & Winter Outerwear Sales

Retail Sales Data
($000,000)

Metropolitan Statistical Area (MSA)	Total Retail Sales	Specialized Apparel Store Sales	Mens & Boys			Womens & Girls		
			All Stores	Apparel Stores	Dept Stores	All Stores	Apparel Stores	Dept Stores
HARTFORD-NEW BRITAIN-MIDDLETOWN-BRISTOL	7,440.0	401.0	205.8	95.8	91.0	400.5	206.5	173.1
BRIDGEPORT-STAMFORD-NORWALK-DANBURY	6,593.7	389.6	204.9	93.9	97.1	400.9	194.0	186.3
NEW HAVEN-WATERBURY-MERIDEN	4,949.9	278.0	155.4	61.4	85.4	285.5	155.1	119.5
NEW LONDON-NORWICH	1,609.5	58.3	27.4	13.4	11.5	55.8	30.8	20.9

Exhibit IV-20

Connecticut
Winter Outerwear Sales
Canadian Target Market Potential
A Calculated Estimate

State Summary By MSA
($000,000)

Metropolitan Statistical Area (MSA)	8% Of Combined Apparel Sales	% Of Total	8% Of Mens & Boys Apparel Sales	% Of Total	8% Of Womens & Girls Apparel Sales	% Of Total
TOTAL	138.9	100.0%	47.5	100.0%	91.4	100.0%
HARTFORD-NEW BRITAIN-MIDDLETOWN-BRISTOL	48.5	34.9%	16.5	34.7%	32.0	35.0%
BRIDGEPORT-STAMFORD-NORWALK-DANBURY	48.5	34.9%	16.4	34.5%	32.1	35.1%
NEW HAVEN-WATERBURY-MERIDEN	35.2	25.3%	12.4	26.1%	22.8	24.9%
NEW LONDON-NORWICH	6.7	4.8%	2.2	4.6%	4.5	4.9%

Exhibit IV-21

Connecticut
Rank Order Of Target Markets Based On
Total Apparel & Winter Outerwear Sales

Analysis Of Winter Outerwear Sales
A Calculated Estimate
($000,000)

Metropolitan Statistical Area (MSA)	Mens & Boys						Womens & Girls					
	All Stores	8% All Stores	Apparel Stores	8% Apparel Stores	Dept Stores	8% Dept Stores	All Stores	8% All Stores	Apparel Stores	8% Apparel Stores	Dept Stores	8% Dept Stores
HARTFORD-NEW BRITAIN-MIDDLETOWN-BRISTOL	205.8	16.5	95.8	7.7	91.0	7.3	400.5	32.0	206.5	16.5	173.1	13.8
BRIDGEPORT-STAMFORD-NORWALK-DANBURY	204.9	16.4	93.9	7.5	97.1	7.8	400.9	32.1	194.0	15.5	186.3	14.9
NEW HAVEN-WATERBURY-MERIDEN	155.4	12.4	61.4	4.9	85.4	6.8	285.5	22.8	155.1	12.4	119.5	9.6
NEW LONDON-NORWICH	27.4	2.2	13.4	1.1	11.5	0.9	55.8	4.5	30.8	2.5	20.9	1.7

Exhibit IV-22

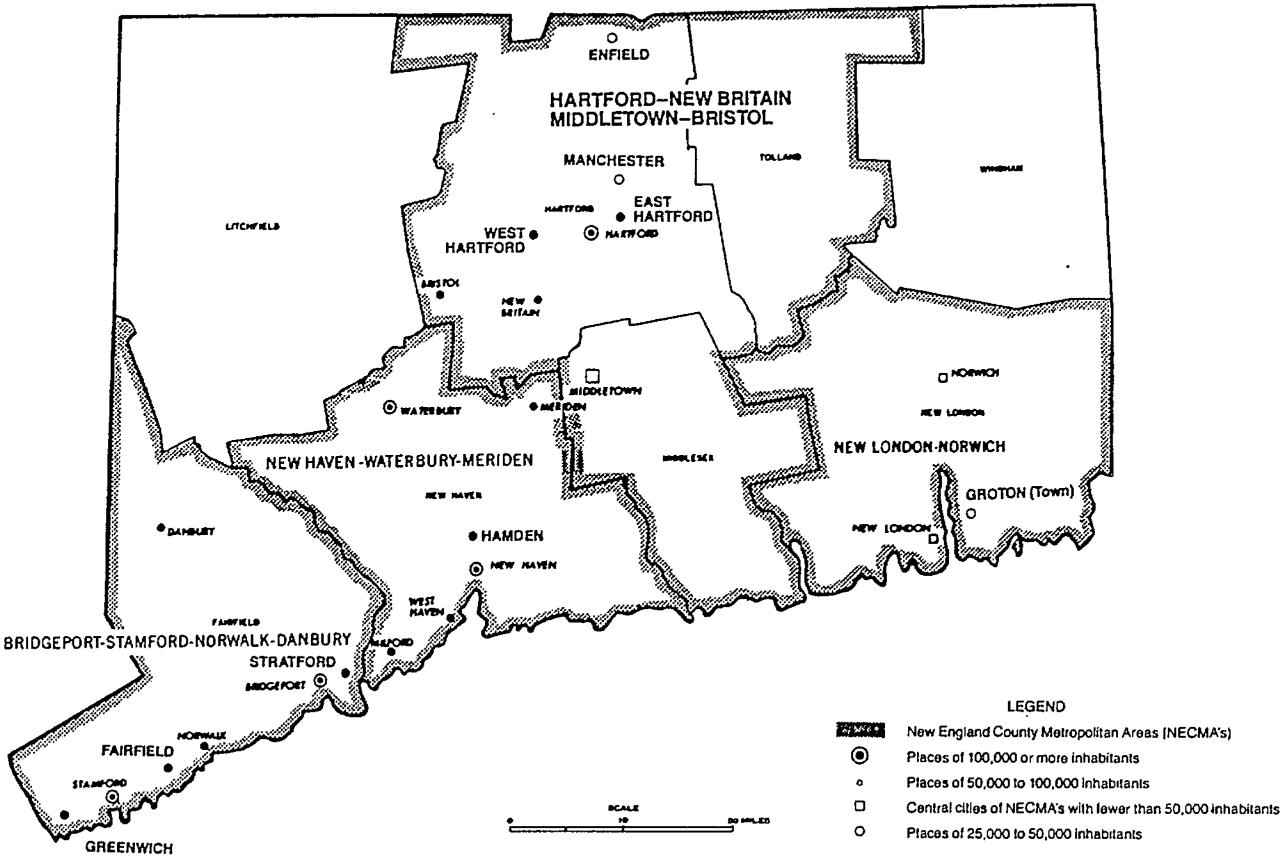
Connecticut
Rank Order Of Target Markets Based On
Total Apparel & Winter Outerwear Sales

Analysis Of Winter Outerware Sales
Summary & Total
($000,000)

Metropolitan Statistical Area (MSA)	Combined Mens & Boys, Womens & Girls					
	All Stores	8% Of All Stores	Apparel Stores	8% Of Apparel Stores	Dept Stores	8% Of Dept Stores
HARTFORD-NEW BRITAIN-MIDDLETOWN-BRISTOL	606.3	48.5	302.4	24.2	264.1	21.1
BRIDGEPORT-STAMFORD-NORWALK-DANBURY	605.9	48.5	287.9	23.0	283.4	22.7
NEW HAVEN-WATERBURY-MERIDEN	440.9	35.2	216.5	17.3	204.9	16.4
NEW LONDON-NORWICH	83.1	6.7	44.2	3.5	32.4	2.6

Exhibit IV-23

CONNECTICUT



NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT CMSA

contains MSAs:

Bergen-Passaic, NJ
Jersey City, NJ
Middlesex-Somerset-Hunterdon, NJ
Monmouth-Ocean, NJ
Nassau-Suffolk, NY
New York, NY
Newark, NJ
Orange County, NY

and NECMA:

Bridgeport-Stamford-Norwalk, Danbury, CT

Chapter V

The Canadian Target Market Potential Analysis of Winter Outerwear in the United States: The Directory of Selected Winter Outerwear Retailers in the Canadian Target Market

Chapter V is presented in the following sections:

- The Apparel Retailing Market Structure in the United States: An Overview.
- A Directory of Selected Winter Outerwear Retailers in the Canadian Target Market by State and Estimated Retail Sales Volume: A Description.
- Some Key Target Retail Accounts.
- Using the Directory.
- Reference Sources Used in Compiling the Directory.
- Availability of the Complete Directory.
- The State of Connecticut: An Illustration of a State Listing.

The Apparel Retailing Market Structure in the United States: An Overview

The apparel retailing market structure in the United States is the channel of distribution that delivered approximately $114 billion in retail apparel sales from the manufacturing sector to the ultimate consumer in 1985.[1] Industry estimates place 1986 apparel sales in the $121 billion range with 1987 estimates ranging from $125 to $130 billion.[1]

The Apparel Retailing Market Structure: A Multi-Faceted Framework

The apparel retailing market structure in the United States is very complex. The structure is organized around several retailing levels with distinctively different styles of operation including:

- A collection of retail holding companies which own diversified families of retailing chains. Each of the chains typically has its own distinctive market positioning strategies and operates as a relatively independent strategic business unit.

  Selected leading retail holding companies, their major divisions and headquarters locations are listed for informational reference in Appendix I.

- Very large, independent retailers with multiple store locations and mail order firms who may be publically or privately held but operate as autonomous strategic business units.

- Corporate buying offices that are service organizations designed to facilitate the buying process for the chain store members in very large, multi-store chain operations.

  The corporate buying offices monitor consumer buying/design trends, shop the merchandise and make preliminary selection recommendations, negotiate price and sales terms with domestic and "off-shore" suppliers and actually implement the "buy order"/"paper" for participating stores.

- Medium sized apparel retailers, frequently with multiple units, and mail order firms, who operate as strategic business units but are less structured and sophisticated than the larger operations.

- Smaller to medium sized retailers with a growth commitment and capability who operate as entrepreneurs with very tactical orientations.

- Smaller retailers who are "Mom and Pop" operators that typically lack either a longer term growth commitment, financial strength or managerial/organizational capabilities.

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[1] United States market statistics are reported in United States dollars.

- Resident buying offices that assist medium sized and smaller retailers who lack their own sophisticated marketing organizations with monitoring of consumer/design trends, merchandise shopping and preliminary selection, negotiation with domestic and "off-shore" suppliers, and actually implementing the "buy order" for particular retail clients.

The Magnitude of the Apparel Retailing Structure

The magnitude of the apparel retailing structure is reflected in the sheer number of retail stores in the categories of women's apparel, men's apparel, children's and infants' wear and ski equipment. The number of apparel stores in operation in these Standard Industrial Classifications (SIC's) is detailed in Exhibit V-1 and V-2.

Several conclusions can be drawn from those statistics.

- There are over 100,400 retailers operating in these four categories in the United States.

  Within the Canadian Target Market, there are an estimated 68,000 retailers in these four groups.

- On average, the Canadian Target Market has 68.5% of the apparel retailers in the United States.

  In the ski equipment category, however, the Canadian Target Market has over 86% of those specialty retailers.

- Within the Canadian Target Market, in the specific categories of women's apparel, there are over 41,300 retailers; 16,100 in men's apparel; 7,600 in children's and infants wear; and 3,500 in skiing equipment.

Exhibit V-1

Number and Type of Apparel Retailers

United States and Canadian Target Market

A Summary Analysis

Number of Retail Operating Units

Type of Retailer	Total United States	Canadian Target Market	% of Total United States	Canadian Target Market Region		
				Eastern	Midwestern	Western
SIC 5621E Women's Apparel	61,856	41,306	66.8%	14,536	13,650	13,120
SIC 5611A Men's Apparel	22,921	16,130	70.3%	6,054	5,682	4,394
SIC 5641A Children's & Infants' Wear	11,619	7,582	65.2%	2,879	2,549	2,154
SIC 5941H Skiing Equipment	4,030	3,492	86.7%	1,017	871	1,604
Total	100,426	68,510	68.2%			

Exhibit V-2

Number and Type of Apparel Retailers

in the Canadian Target Market in the United States -- 1987[1]

Canadian Target Market	SIC 5621E Women's Apparel	SIC 5611A Men's Apparel	SIC 5641A Children's & Infants Wear	SIC 5941H Skiing Equipment
Eastern Region				
Connecticut	944	395	191	69
Delaware	158	70	30	3
District of Columbia	162	85	16	2
Maine	211	44	31	44
Maryland	931	436	200	35
Massachusetts	1,213	314	173	124
New Hampshire	228	75	59	82
New Jersey	2,248	845	478	69
New York	3,797	1,376	855	256
Pennsylvania	2,603	1,142	548	160
Rhode Island	228	101	36	10
Vermont	139	49	24	99
Virginia	1,277	484	190	40
West Virginia	397	438	48	24
Total Eastern Region	14,536	6,054	2,879	1,017
Midwestern Region				
Illinois	2,552	1,230	489	135
Iowa	1,072	462	226	31
Kansas	826	361	157	33
Kentucky	514	167	136	35
Michigan	855	319	210	13
Minnesota	1,952	896	340	183
Missouri	1,147	415	202	113
Nebraska	1,005	305	207	30
North Dakota	418	158	65	21
Ohio	205	80	27	9
South Dakota	1,787	800	290	86
Wisconsin	203	75	28	19
	1,114	414	172	163
Total Midwestern Region	13,650	5,682	2,549	871

[1]Based on business telephone listings in these sections in the Yellow Pages published by the local telephone companies.

Exhibit V-2 (Continued)

Number and Type of Apparel Retailers

in the Canadian Target Market in the United States -- 1987

Canadian Target Market Western Region	SIC 5621E Women's Apparel	SIC 5611A Men's Apparel	SIC 5641A Children's & Infants Wear	SIC 5941H Skiing Equipment
Northern California	8,815[2]	2,779[2]	1,294[2]	636[2]
Colorado	955	401	193	392
Idaho	324	103	69	75
Montana	277	108	49	63
Nevada	298	110	40	38
Oregon	873	263	144	118
Utah	344	145	93	118
Washington	1,037	411	222	129
Wyoming	197	74	50	35
Total Western Region	13,120	4,394	2,154	1,604

[2]Includes all retailers in California. The Northern California area could not be separated.

The challenge to the Canadian winter outerwear manufacturer developing an export marketing strategy for the Canadian Target Market in the United States is straight forward.

- o Given the number of apparel retailers, how can that market be most efficiently developed?
- o Who are the key retail accounts for initial sales contact?

A Directory of Selected Winter Outerwear Retailers

in the Canadian Target Market

By State and Estimated Retail Sales Volume:

A Description

Criteria for Retailer Selection

Retailers selected for inclusion in the Directory met the following criteria. Based on qualified trade references, the selected retailers were reported to have:

- Financial net worth of $100,000 or more which reflects potential financial strength and credit worthiness.[1]
- Annual retail sales volume of $500,000 or more.
- Retail coverage of winter outerwear.
- Price point positioning in the moderate to better merchandising categories.

Organization of the Directory

The 36 Canadian Target Market states are listed alphabetically for ease of reference. For each state, two sections are presented:

- A State Summary which lists the name and city of each retailer grouped into seven estimated retail sales volume categories:
  - $500,000-$999,999
  - $1,000,000-$1,999,999
  - $2,000,000-$4,999,999
  - $5,000,000-$9,999,999
  - $10,000,000-$49,999,999
  - $50,000,000-$99,999,999
  - $100,000,000 or more
- A detailed directory listing each retailer with selected specific information about the firm, including:
  - Retailer name
  - Address
  - Telephone number
  - Estimated retail sales category
  - Type of retail business
  - Number of store locations
  - Price point

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[1]United States market statistics are reported in United States dollars.

Some Key Target Retail Accounts

In compiling the Directory of Selected Winter Outerwear Retailers, two key target retail account segments were identified:

- o The leading retailing community members in the Metropolitan New York market.

- o A selected list of retailers in the $10 to $50 million retail sales range.

The Metropolitan New York Market

The Metropolitan New York market is a crucial hub of the apparel industry and the winter outerwear sector in the United States.

- o Most of the corporate buying offices that service the largest retailing organizations are headquartered in New York.

- o Many of the largest and most prestigious retailing trend setters in apparel and winter outerwear are headquartered in New York.

- o New York retail buying decisions have heavy impact in setting apparel fashion view-points across the United States.

  To be sure, each region has its own idiosyncracies in terms of climatic conditions, tastes, and consumer buying dynamics. New York, however, is a bellwether "window" which reflects basic retail apparel direction.

- o The New York Metropolitan Standard Area (MSA) represents the largest single retail sales market with apparel sales of over $5.3 billion estimated to include over $424.3 million in winter outerwear sales in 1985.

Target marketing with the New York retailing community should be an important element in a Canadian winter outerwear manufacturer's export marketing strategy.

A Selected Summary Directory for Metropolitan New York Winter Outerwear Retailers is included as Appendix II. Appendix II lists approximately 61 corporate buying offices, resident buying offices, major specialty stores and leading department stores that are key potential accounts for Canadian winter outerwear manufacturers.

The Selected Summary Directory of Winter Outerwear Retailers With Retail Sales in the $10 to $50 Million Range

Chapter III discussed the evolving United States winter outerwear market structure and noted that:

> "The independent specialty chains in the United States, who may have less commitment to "off-shore" sourcing, have become a prime target market for Canadian winter outerwear manufacturers..."

An illustrative partial listing of approximately 115 selected winter outerwear retailers with retail sales in the $10-$50 million range has been compiled from the larger Directory and is presented as Appendix III.

These retailers represent big potential initial sales prospects.

Using The Directory

The Directory has been assembled to provide an initial prospect list of potential Canadian winter outerwear customers that have been partially qualified based on financial strength, estimated retail sales volume and product coverage.

To effectively use the Directory, the following process is recommended.

- The Canadian winter outerwear manufacturer should define its product offering specifically, e.g., men's down parkas.

- The selected Canadian Target Market states should be listed.

- Using the State Summary for each selected state, the specific retailers who appear to be selling men's down parkas should be identified.

- Based on the specific retailer list, the detailed directory should be consulted for the address and telephone number of the key target retailers.

- Using telephone interviewing techniques, the retail organization should be telephoned. The switchboard operator or the person answering the phone should be asked **who is the current buyer** of men's down parkas.

  Identifying the specific retail buyer with decision responsibility at the time of the sales contact **is essential** to effective retail development.

  Buying responsibilities are continually changing within the retail organization. Buyer personnel leave the firm. New buyers with unique expertise are added. Retailer positioning strategies change, demanding adjustment of the firm's product mix, requiring realignment of buying responsibilities.

- Using telemarketing techniques, a direct telephone information call can be made to the identified retail buyer to further qualify the retail account in terms of fashion viewpoint, price point, commitment to the men's down parka category, and the buyer's current readiness to buy.

- If the retail buyer appears to have sales potential, the manufacturer can arrange an appointment for a formal sales presentation.

- If the retail buyer does not have sales potential, the telephone discussion can turn to identify the other major men's down parka retailers in the geographic market.

Reference Sources Used in Compiling the Directory

The Directory has been compiled from available secondary reference sources that document the retail buying structure in the apparel industry.

The reference sources included:

- The Salesman's Guide, Inc.
- Directory of Buying Offices and Accounts
- Nationwide Directory
  Men's and Boys' Wear Buyers (Exclusive of New York Metropolitan Area)
- Men's and Boys' Wear Buyers
  Annual Metropolitan New York Directory
- Nationwide Directory
  Women's, Misses & Junior Coat & Suit Buyers
- Women's, Misses & Junior Coat & Suit Buyers
  Annual Metropolitan New York Directory

The individual references may be purchased directly from:

The Salesman's Guide, Inc.
1140 Broadway
New York, New York 10001

Availability of the Complete Directory

The complete Directory of Selected Winter Outerwear Retailers in the Canadian Target Market in the United States includes individual sections for each of the 36 states in the Canadian Target Market. The complete Directory is available by special request from:

Services Industries and
Consumer Products
Department of Regional Industrial
Expansion (DRIE)
Government of Canada
235 Queen Street
Ottawa, Ontario KIA 0H5

USA Trade and Tourism Development
Division
United States Trade, Tourism and
Investment Development Bureau
Department of External Affairs
125 Sussex Drive
Ottawa, Ontario K1A 0G2

Connecticut: An Illustration of a State Listing

The Directory Listing for the state of Connecticut is included as an illustration of the Directory format and content.

The Connecticut listing includes:

- A listing for each retailer with specific information about the firm.
- A State Summary which lists the name and city of each retailer grouped into estimated retail sales volume categories.

Directory of Winter Outerwear Retailers

By State and Estimated Sales Volume

State Summary

CONNECTICUT

Selected Winter Outerwear Retailers By Volume $500,000 - $999,999	Apparel Coverage	City
Benoits Mens Clothing	(Men and Women)	Waterford, CT
Carriage Trade, Inc.	(Women's Specialty)	New London, CT
Enson's Inc.	(Men and Women)	New Haven, CT
Nat Greenblatt, Inc.	(Men and Women)	Orange, CT
P. Hutton & Son, Inc.	(Men and Women)	North Haven, CT
Harry Israel, Inc.	(General Clothing)	Meriden, CT
Art Jones Company	(Men and Women)	New Britain, CT
Mantell & Martin Co., Inc.	(Women's Specialty)	Greenwich, CT
Milford Wayside Men's Clothing Company, Inc.	(Men and Women)	Milford, CT
Young Folks Shop	(Children)	Norwich, CT

$1,000,000 - $1,999,999		
Ethel Allen, Inc.	(Women's Specialty)	Stamford, CT
Isabel Eland Shops	(Women's Specialty)	South Norwalk, CT
Esther's, Inc.	(Women's Specialty)	Milford, CT
The Fairfield Store	(General Clothing)	Fairfield, CT
LaSalle Shoppe	(Children)	West Hartford, CT
Levine & Levine Co., Inc.	(Women's Specialty)	Colchester, CT
Ray Pacific, Inc.	(Men and Women)	Trumbull, CT
Quality Shop	(Men and Women)	Torrington, CT
Tubridy's Inc.	(Women's Specialty)	Williamantic, CT
Weiners Clothes, Inc.	(Men and Women)	Newington, CT
Richard Wrubel, Inc.	(Women's Specialty)	Weathersfield, CT
Zahner's Clothiers	(Men and Women)	Rockville, CT

CONNECTICUT

$2,000,000 - $4,999,999	Apparel Coverage	City
B & G Stores	(Men and Women)	South Norwalk, CT
Bob's Inc.	(General Clothing)	Middletown, CT
Coast Guard Exchange	(Government Exchange)	New London, CT
Darien Sport Shop, Inc.	(General Clothing)	Darien, CT
Brooks Hirsch, Inc.	(Women's Specialty)	Westport, CT
Horwitz Department Store	(Department)	Branford, CT
Kabachnick	(Women's Specialty)	Middletown, CT
Natleson's	(General Clothing)	Fairfield, CT
Raymond's Inc.	(Women's Specialty)	Wallingford, CT
Razook's, Inc.	(Women's Specialty)	Greenwich, CT
Reid & Hughes	(Department)	Norwich, CT
Richard's of Greenwich	(Men and Women)	Greenwich, CT
D. W. Rogers Co.	(Department)	Greenwich, CT
Skydel's	(Department)	Bridgeport, CT
Styles	(Women's Specialty)	Norwich, CT
The Whitney Shop	(Women's Specialty)	New Canaan, CT

$5,000,000 - $9,999,999		
Arthur's	(General Clothing)	Milford, CT
Chancy D'Elia	(Women's Specialty)	Greenwich, CT
Luettgens Ltd.	(General Clothing)	Hartford, CT
Ed Mitchell	(Men and Women)	Westport, CT
Shapiro's Inc.	(General Clothing)	Middletown, CT
Yale Cooperative Corp.	(Men and Women)	New Haven, CT

$10,000,000 - $49,999,999		
The Dress Barn	(Women's Specialty)	Stamford, CT
Worth's	(General Clothing)	Waterbury, CT
Carol Wright Gifts	(Mail Order)	Stamford, CT

CONNECTICUT

$50,000,000 - $99,999,999	Apparel Coverage	City
Sage-Allen Co., Inc.	(General Clothing)	Hartford, CT
Casual Corner, Inc.	(Women's Specialty)	Enfield, CT
D & L Stores, Inc.	(Women's Specialty and Department)	New Britain, CT

$100,000,000 or more

Jordan Marsh Department Stores, Inc.	(Department)	Trumbull, CT

RETAIL SALES: $500,000 - $999,999

BENOITS MENS CLOTHING
850 Hartford Turnpike,
Crystal Mall
Waterford, CT 06385
(208) 447-3313

Retail Sales: $500,000-$999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

CARRIAGE TRADE, INC.
391 Colman Street
New London, CT 06320
(203) 442-2629

Retail Sales: $500,000-$999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Better

ENSON'S INC.
1050 Chapel Street
New Haven, CT 06510
(203) 562-4136

Retail Sales: $500,000-$999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

NAT GREENBLATT, INC.
293 Boston Post Road
Orange, CT 06477
(203) 795-9721

Retail Sales: $500,000-$999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

P. HUTTON & SON, INC.
117 Washington Avenue
North Haven, CT 06473
(203) 239-3702

Retail Sales: $500,000-$999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

HARRY ISRAEL, INC.
45 West Main Street
Meriden, CT 06450
(203) 235-7993

Retail Sales: $500,000-$999,999
Type of Business: General Clothing
Number of Locations: 1
Price Point: Promotional to Moderate to Better

RETAIL SALES: $500,000 - $999,999

ART JONES COMPANY
84 West Main Street
New Britain, CT 06051
(203) 229-2304

Retail Sales: $500,000-$999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

MANTELL & MARTIN CO., INC.
96 Greenwich Avenue
Greenwich, CT 06830
(203) 869-9528

Retail Sales: $500,000-$999,999
Type of Business: Women's Specialty
Number of Locations: 2
Price Point: Moderate to Better

MILFORD WAYSIDE MEN'S CLOTHING COMPANY, INC.
890 Boston Post Road
Milford, CT 06460
(203) 878-0842

Retail Sales: $500,000-$999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Moderate

YOUNG FOLKS SHOP
47 Towne Street
Norwich, CT 06360
(203) 877-5326

Retail Sales: $500,000-$999,999
Type of Business: Children
Number of Locations: 1
Price Point: Moderate

RETAIL SALES: $1,000,000 - $1,999,999

ETHEL ALLEN, INC.
151 Bedford Street
Stamford, CT 06901
(203) 348-7546

Retail Sales: $1,000,000-$1,999,999
Type of Business: Women's Specialty
Number of Locations: 2
Price Point: Better

ISABEL ELAND SHOPS
78 North Main Street
South Norwalk, CT 06854
(203) 866-2550

Retail Sales: $1,000,000-$1,999,999
Type of Business: Women's Specialty
Number of Locations: 2
Price Point: Moderate to Better

RETAIL SALES: $1,000,000 - $1,999,999

ESTHER'S, INC.
Connecticut Post Mall
Milford, CT 06460
(203) 878-5721

Retail Sales: $1,000,000-$1,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Moderate

THE FAIRFIELD STORE
1449 Post Road
P.O. Box 808
Fairfield, CT 06430
(203) 255-2661

Retail Sales: $1,000,000-$1,999,999
Type of Business: General Clothing
Number of Locations: 1
Price Point: Better

LASALLE SHOPPE
78 LaSalle Road
West Hartford, CT 06107
(203) 233-2020

Retail Sales: $1,000,000-$1,999,999
Type of Business: Children
Number of Locations: 1
Price Point: Better

LEVINE & LEVINE CO., INC.
28 Lebanon Avenue
P.O. Box 156
Colchester, CT 04615
(203) 537-2373

Retail Sales: $1,000,000-$1,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Promotional to Moderate to Better

RAY PACIFIC, INC.
Trumbull Shopping Park
Trumbull, CT 06611
(203) 374-6755

Retail Sales: $1,000,000-$1,999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

QUALITY SHOP
69 Main Street
Torrington, CT 06790
(203) 489-0463

Retail Sales: $1,000,000-$1,999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Moderate to Better

RETAIL SALES: $1,000,000 - $1,999,999

TUBRIDY'S INC.
Eastbrook Mall
Williamantic, CT 06226
(203) 423-2503

Retail Sales: $1,000,000-$1,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Moderate

WEINERS CLOTHES, INC.
2585 Berlin Turnpike
Newington, CT 06111
(203) 666-1424

Retail Sales: $1,000,000-$1,999,999
Type of Business: Men and Women
Number of Locations: 2
Price Point: Moderate to Better

RICHARD WRUBEL, INC.
Weathersfield Shopping
Center
Weathersfield, CT 06109
(203) 529-0003

Retail Sales: $1,000,000-$1,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Moderate to Better

ZAHNER'S CLOTHIERS
33 Main Street
Rockville, CT 06066
(203) 872-7349

Retail Sales: $1,000,000-$1,999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Moderate to Better

RETAIL SALES: $2,000,000 - $4,999,999

B & G STORES
56 North Main Street
South Norwalk, CT 06854
(203) 853-9161

Retail Sales: $2,000,000-$4,999,999
Type of Business: Men and Women
Number of Locations: 4
Price Point: Moderate to Better

BOB'S INC.
P.O. Box 660
Middletown, CT 06457
(203) 347-7281

Retail Sales: $2,000,000-$4,999,999
Type of Business: General Clothing
Number of Locations: 4
Price Point: Better

RETAIL SALES: $2,000,000 - $4,999,999

COAST GUARD EXCHANGE
Johnson Hall, U.S. Coast
Guard Academy
New London, CT 06320
(203) 444-8487

Retail Sales: $2,000,000-$4,999,999
Type of Business: Government Exchange
Number of Locations: 1
Price Point: Moderate to Better

DARIEN SPORT SHOP, INC.
1127 Post Road
Darien, CT 06820
(203) 655-2575

Retail Sales: $2,000,000-$4,999,999
Type of Business: General Clothing
Number of Locations: 1
Price Point: Moderate to Better

BROOKS HIRSCH, INC.
403 East State Street
Westport, CT 06880
(203) 227-1275

Retail Sales: $2,000,000-$4,999,999
Type of Business: Women's Specialty
Number of Locations: 4
Price Point: Moderate to Better

HORWITZ DEPARTMENT STORE
1008 Main Street
(P.O. Box 69)
Branford, CT 06405
(203) 488-8391

Retail Sales: $2,000,000-$4,999,999
Type of Business: Department
Number of Locations: 3
Price Point: Moderate to Better

KABACHNICK
392 Main Street
Middletown, CT 06457
(203) 356-8651

Retail Sales: $2,000,000-$4,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Better

NATLESON'S
1583 Post Road
Fairfield, CT 06430
(203) 255-2648

Retail Sales: $2,000,000-$4,999,999
Type of Business: General Clothing
Number of Locations: 5
Price Point: Moderate to Better

RETAIL SALES: $2,000,000 - $4,999,999

RAYMOND'S INC.
Wallingford Plaza
Wallingford, CT 06492
(203) 269-4101

Retail Sales: $2,000,000-$4,999,999
Type of Business: Women's Specialty
Number of Locations: 6
Price Point: Moderate

RAZOOK'S, INC.
45 East Putnam Avenue
Greenwich, CT 06830
(203) 661-6603

Retail Sales: $2,000,000-$4,999,999
Type of Business: Women's Specialty
Number of Locations: 6
Price Point: Better

REID & HUGHES
201 Main Street
Norwich, CT 06360
(203) 887-1635

Retail Sales: $2,000,000-$4,999,999
Type of Business: Department
Number of Locations: 3
Price Point: Moderate to Better

RICHARD'S OF GREENWICH
350 Greenwich Avenue
Greenwich, CT 06830
(203) 622-0551

Retail Sales: $2,000,000-$4,999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Better

D. W. ROGERS CO.
239 Greenwich Avenue
Greenwich, CT 06830
(203) 869-3300

Retail Sales: $2,000,000-$4,999,999
Type of Business: Department
Number of Locations: 1
Price Point: Moderate

SKYDEL'S
1050 East Main
P.O. Box 2007
Bridgeport, CT 06608
(203) 366-3601

Retail Sales: $2,000,000-$4,999,999
Type of Business: Department
Number of Locations: 1
Price Point: Moderate

RETAIL SALES: $2,000,000 - $4,999,999

STYLES
42 Towne Street
Norwich, CT 06360
(203) 889-2341

Retail Sales: $2,000,000-$4,999,999
Type of Business: Women's Specialty
Number of Locations: 7
Price Point: Moderate to Better

THE WHITNEY SHOP
100 Elm Street
New Canaan, CT 06840
(203) 972-0103

Retail Sales: $2,000,000-$4,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Better

RETAIL SALES: $5,000,000 - $9,999,999

ARTHUR'S
11 Cascade Boulevard
Milford, CT 06460
(203) 877-7601

Retail Sales: $5,000,000-$9,999,999
Type of Business: General Clothing
Number of Locations: 4
Price Point: Moderate

CHANCY D'ELIA
244 Greenwich Avenue
Greenwich, CT 06830
(203) 869-0654

Retail Sales: $5,000,000-$9,999,999
Type of Business: Women's Specialty
Number of Locations: 1
Price Point: Moderate to Better

LUETTGENS LTD.
1 Civic Center Plaza
Hartford, CT 06103
(203) 728-6767

Retail Sales: $5,000,000-$9,999,999
Type of Business: General Clothing
Number of Locations: 1
Price Point: Moderate to Better

ED MITCHELL
670 Post Road East
Westport, CT 06880
(203) 227-5165

Retail Sales: $5,000,000-$9,999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Moderate to Better

RETAIL SALES: $5,000,000 - $9,999,999

SHAPIRO'S INC.
386 Main Street
Middletown, CT 06457
(203) 346-9295

Retail Sales: $5,000,000-$9,999,999
Type of Business: General Clothing
Number of Locations: 1
Price Point: Promotional to Moderate

YALE COOPERATIVE CORP.
77 Beradway
New Haven, CT 06520
(203) 772-2200

Retail Sales: $5,000,000-$9,999,999
Type of Business: Men and Women
Number of Locations: 1
Price Point: Moderate to Better

RETAIL SALES: $10,000,000 - $49,999,999

THE DRESS BARN
88 Hamilton Avenue
Stamford, CT 06902
(203) 327-4242

Retail Sales: $10,000,000-$49,999,999
Type of Business: Women's Specialty
Number of Locations: 160
Price Point: Moderate to Better

WORTH'S
P.O. Box 1430
Waterbury, CT 06721
(203)

Retail Sales: $10,000,000-$49,999,999
Type of Business: General Clothing
Number of Locations: 8
Price Point: Promotional to Moderate to Better

CAROL WRIGHT GIFTS
600 Summer
Stamford, CT 06901
(203) 328-0300

Retail Sales: $10,000,000-$49,999,999
Type of Business: Mail Order
Number of Locations: 1
Price Point: Moderate

RETAIL SALES: $50,000,000 - $99,999,999

SAGE-ALLEN CO., INC.
900 Main Street
Hartford, CT 06113
(203) 278-2570

Retail Sales: $50,000,000-$99,999,999
Type of Business: General Clothing
Number of Locations: 13
Price Point: Promotional to Moderate to Better

CASUAL CORNER, INC.
107 Phoenix Avenue
Enfied, CT 06082
(203) 741-0771

Retail Sales: $50,000,000-$99,999,999
Type of Business: Women's Specialty
Number of Locations: 1,249
Price Point: Moderate to Better

D & L STORES, INC.
227 Main Street
New Britain, CT 06051
(203) 223-3655

Retail Sales: $50,000,000-$99,999,999
Type of Business: Women's Specialty and Department
Number of Locations: 77
Price Point: Moderate to Better

RETAIL SALES: $100,000,000 OR MORE

JORDAN MARSH DEPARTMENT STORES, INC.
Trumbull Shopping Park
Trumbull, CT 06611
(203) 366-8811

Retail Sales: $100,000,000 or more
Type of Business: Department
Number of Locations: 6
Price Point: Promotional to Moderate to Better

Chapter VI

The Canadian Winter Outerwear Export Development Strategy

Strategic Recommendations

The Canadian Winter Outerwear Export Development Strategy recommendations are organized at two strategic levels:

- Strategic Level I Recommendations: Broad export development strategies and activities that should involve joint collaboration of the winter outerwear industry and the Canadian government, both provincial and federal.

- Strategic Level II Recommendations: Specific market positioning strategies that individual Canadian winter outerwear manufacturers should operationalize for their own export marketing programs.

The strategic recommendations have been presented in the following sections.

Strategic Level I Recommendations involve:

The Canadian Winter Outerwear Export Development Association

Creating a Strong, Positive Image of the Canadian Winter Outerwear Industry as a Potential Supplier to the Canadian Target Market in the United States.

Strategic Level II Recommendations involve:

The Plan of Action for Export Marketing to the United States is organized around five basic stages:

Stage I: Initial Evaluation of Potential Export Capabilities of the Firm and Potential Market Opportunities.

Stage II: Organizing for Initial Export Planning and Development.

Stage III: Building a Targeted Market Positioning Approach Niching into the Canadian Target Market in the United States.

Stage IV: Development of Specific, Operational Strategies for Selling/ Marketing to the Canadian Target Market.

Stage V: Launching a Strategic Planning and Organizational Development Program for Managing Future Growth.

Strategic Level I Recommendations

The broad goals of Strategic Level I Recommendations are to:

- o Build a Canadian winter outerwear industry infrastructure to support export growth.
- o Create a strong, positive image of the Canadian winter outerwear manufacturing industry as a potential supplier to the Canadian Target Market in the United States.

The Canadian Winter Outerwear Export Development Association

A Canadian Winter Outerwear Export Development Association should be organized with the primary function of coordinating and implementing the Strategy Level I Recommendations.

Functions of the Association. The primary mission of the Association should be to coordinate export marketing activities of Canadian winter outerwear manufacturers. More specifically, the Association should focus on the following functions:

- o Serve as a central clearinghouse for all information about:
  - -- The Canadian winter outerwear manufacturing industry.
  - -- Canadian government programs, both federal and provincial, available to potentially support manufacturers' efforts to export winter outerwear, particularly to the Canadian Target Market in the United States.
  - -- The Canadian Target Market in the United States and opportunities for market positioning there.
- o Introduce the concept of export marketing to Canadian winter outerwear manufacturers not now exporting.
- o Provide strategic direction to small exporters in developing growth.
- o Reinforce already established exporters in strategic planning and organizational development for future growth.

Proposed Organization. The Canadian Winter Outerwear Export Development Association should be a collaborative, venture involving the leading manufacturers, established exporters, the major industry trade associations and the Canadian government at both the provincial and federal levels. More specifically, the Association should be:

- o Initially funded by the Government of Canada during the organizational phase.

- o Comprised of export oriented firms from the broadly defined winter outerwear sector, ultimately to be managed and financed by the winter outerwear manufacturing industry.

- o Managed by an individual with extensive export sales and marketing experience and strong leadership capabilities for organizing the Canadian winter outerwear export activities.

Creating a Strong, Positive Image of the Canadian Winter Outerwear Manufacturing Industry as a Potential Supplier to the Canadian Target Market in the United States

Creating a strong, positive image of the Canadian winter outerwear manufacturing industry as a potential supplier to the Canadian Target Market in the United States can provide valuable support to individual manufacturers developing an export position in that market.

Canadian winter outerwear manufacturers need to develop a strong, positive image as potential suppliers to the Canadian Target in the United States. Image development should focus on three segments or publics:

- o Current retail buyers in apparel and more specifically in winter outerwear.

- o Future retail buyers now in the educational process.

- o Winter outerwear consumers in the cold climate, Canadian Target Market.

Image Building With Current Retail Buyers. The most important target market with immediate potential sales returns is the current retail buyer in winter outerwear. Several approaches can reach the current retail buyer.

- o The Canadian winter outerwear industry should develop an integrated trade show development and participation program.

  The primary goal of the trade show program should be defined, from the beginning, as image development for the industry. Ideally, exhibitors will also make some sales during the show.

  The final measure of the trade show program's effectiveness, however, should be based on retail buyer attendance and perceptions. Formal marketing research procedures should be integrated into the trade show planning to track the retail buyers attitudes, opinions and reactions to the show.

  To have long run impact on retail buyer perceptions, the trade show program should be continual over a three to five year time horizon versus the lack of continuity in past efforts.

  The program could be organized around at least two major thrusts:

  -- Participation by a group of Canadian winter outerwear manufacturers in an integrated "Canadian Exhibit" at a major United states trade show, e.g., MAGIC or NAMSB. The Spanish Exhibit at the March, 1987 NAMSB Show in New York was an excellent example of a well programmed national exhibit.

While a number of Canadian manufacturers exhibited at the NAMSB Show and the booths were acceptable, there was no "Canadian impact" or "Canadian presence".

-- Organization of a Canadian winter outerwear trade show to be held, most logically, in Montreal.

  To establish a "critical mass" of exhibitors, the show should involve the entire international winter outerwear industry.

  The show theme should build upon the winter outerwear trade show function and Montreal as a unique Canadian landmark to attract retail buyers.

- The Canadian government, federal and provincial, should continue the support of Incoming/Outgoing Trade Missions in conjunction with the industry.

- Canadian winter outerwear exporting manufacturers, in conjunction with the Canadian government, both provincial and federal, should collaborate in publishing a Canadian Winter Outerwear Guide featuring:

  -- The capabilities of the Canadian winter outerwear exporters.

  -- Illustrative manufacturers' winter outerwear lines.

The Canadian Winter Outerwear Guide could be mailed by individual manufacturers to their target retail buyers. The mailing could then be followed up with telemarketing to qualify retail accounts for more in-depth, personalized sales efforts.

- Conduct fashion shows, and information/orientation/promotion seminars about Canadian winter outerwear for retail buyers. Breakfast and afternoon cocktail sessions are very popular.

  The fashion shows and seminars could be coordinated through the Canadian Consulate posts in the United States in conjunction with exporters to the United States. Timing of these programs must be carefully planned to avoid conflict with other scheduled industry events.

- Conduct trade focused advertising/promotions in the industry trade press.

Image Building with Future Retail Buyers. In the United States, thousands of students are enrolled in accredited Colleges and Universities and other post-secondary career development institutions studying fashion design, clothing and textiles, merchandising, retailing and marketing, etc. Many of these students will ultimately become retail buyers in apparel.

Creating awareness of the Canadian winter outerwear industry and its capabilities to supply the United States among students in the leading educational programs is a valuable longer term investment.

- A lecture program should be developed describing Canadian winter outerwear design and styling and the capabilities of the industry to supply the Canadian Target Market in the United States. The lecture material should be distributed to the faculty in the leading fashion design schools, schools of retailing, etc.

- A Speakers Bureau should be organized of Canadian manufacturers and/or sales representatives in the United States who would be available to deliver the lecture program to the leading schools.

- Video presentation material should be prepared featuring Canada as a leader in creative, original and innovative design and styling in winter outerwear and as a leader in winter outerwear manufacturing with unique capabilities.

  More specific video content could focus on unique capabilities of Canadian winter outerwear manufacturers.

  The video tape could be supplemented with promotional literature featuring the current season's exciting designs.

- Sponsored tours to visit the Canadian winter outerwear industry and learn of its capabilities should be given to "special award" student groups.

Image Building With Winter Outerwear Consumers in the Canadian Target Market. To create consumer awareness as a longer term market development investment, there should be ongoing news and public relations coverage of Canadian winter outerwear design and styling developments presented in leading United States consumer publications.

- The VOGUE September 1987 advertising supplement co-sponsored by the Department of External Affairs, provinces and Canadian manufacturers, including outerwear, is an example.

- The news and public relations coverage should be continued on a persistent and sustained basis.

Strategic Level II Recommendations

The Strategic Level II Recommendations are presented in an integrated Plan of Action for Export Marketing to the United States. The Plan of Action has been organized to have applicability to a broad range of Canadian manufacturers at different stages in export marketing.

The Plan is written for:

- Manufacturers who are not now in export marketing but who are evaluating the opportunities in export marketing.
- Manufacturers who have experimented with export marketing on a limited scale.
- Manufacturers who have already established a significant export market position and are interested in expanding sales and profitability.

The Historical Approach to Export Marketing: A Description

Successful Canadian winter outerwear exporters report that historical export marketing approaches have typically involved:

- Little or no advanced marketing research or marketing planning to guide retail market development.
- Selection of a sample of products for sale without any in-depth consumer focus.
- Unsystematic sales calls on retailers.
- A lack of specific retail account profiling to identify most likely potential customers and decision making buyers within the selected retailers.
- Often untimely sales campaigns out-of-phase with the United States buying seasons.
- A "hit or miss" target marketing approach.

Based on this "hit or miss" approach, Canadian winter outerwear manufacturers make major export marketing decisions.

Winter outerwear exporters describe this historical selling approach as a "touch and taste"/"seat of the pants" method. But, exporters emphasize that **several firms have been very successful using this unstructured selling process.**

The Changing United States Retail Market Demands More Systematic Export Marketing

The United States apparel market and winter outerwear sector, as emphasized earlier, is becoming more competitive and demanding of its suppliers. Therefore, the intuitive, "touch and taste" approach successful in the past may not be able to effectively develop export growth in the Canadian Target Market in the future.

To cope with the changing marketplace, the Canadian winter outerwear export marketer should develop more systematic strategies.

The Plan of Action for Export Marketing to the United States

The Plan of Action for Export Marketing to the United States has been designed to provide a structured and systematic approach organized around five stages:

- Stage I: Initial Evaluation of Potential Export Capabilities of the Firm and Potential Market Opportunities.
- Stage II: Organizing for Initial Export Planning and Development.
- Stage III: Building a Targeted Market Positioning Approach Niching into the Canadian Target Market in the United States.
- Stage IV: Development of Specific, Operational Strategies for Selling/ Marketing to the Canadian Target Market.
- Stage V: Launching a Strategic Planning and Organizational Development Program for Managing Future Growth.

Stage I: Evaluation of Potential Export Capabilities and Target Market Opportunities for the Firm

The Canadian winter outerwear manufacturer interested in exploring export marketing to the United States should develop an "export orientation" upon which to base its export decisions.

A Management "Export Team"

Developing the export orientation for the firm should involve a comprehensive evaluation of the export concept. Because of the strategic implications of launching an export program, a management "export team" should be organized composed of the President and key production and sales personnel.

Specific assignments and performance time schedules should be made to the "export team" members for planning and implementing the export analysis.

Feasibility Analysis: A Check List Approach

The evaluation should focus on the Canadian Target Market opportunities in the United States, the firm's internal export capabilities, and the broad implications of launching an export strategy for the whole organization. The export analysis should involve:

- A preliminary market survey of selected Canadian Target Market retailers in the United States to get initial retail buyer feedback.
- An internal analysis of the firm's export capabilities and the potential implications of export marketing to the United States on the other operations of the firm.
- Identification and evaluation of Canadian federal and provincial government support programs that are potentially available to the firm to assist in the development and implementation of an export program to the United States.
- Evaluation of the information generated in the export analysis to determine the feasibility of pursuing export marketing.

If the results of the export analysis are considered positive, the firm should progress to Stage II and make a formal organizational commitment toward developing an export strategy.

The Preliminary Market Survey of Selected Canadian Target Market Retailers in the United States

The Preliminary Market Survey should involve a series of in-depth personal interviews with selected Canadian Target Market retailers in the United States. The objective is to get direct retail buyer feedback on the firm's potential export market opportunities.

In essence, this research involves a more comprehensive approach to the historical "touch and taste" method of getting retail buyer feedback.

More specifically, the Survey should be organized around these key elements:

- Selection of key cities from the top 10-20 Metropolitan Standard Areas (MSA's) in the Canadian Target Market most important to the individual manufacturer.

  The top 20 Metropolitan Standard Areas (MSA's) are listed in Exhibit IV-7.

  Detailed statistical information is presented for each market in the special report, The Canadian Market Potential for Winter Outerwear in the United States: A Data File.[1]

- Within the selected Metropolitan Standard Areas (MSA's), select the specific retail organizations to be contacted from the Directory of Canadian Target Market Winter Outerwear Retailers.[1]

- Consultation with the Canadian Consulates General and Provincial Trade Offices in the United States for regional market intelligence.[2]

- Selection of representative products to be marketed in the United States.

- Formal product presentations to retail buyers with in-depth discussions to get their reactions.

  The in-depth discussions should probe retail buyer responses to the manufacturer's products, the "fit" between the manufacturer's products and the retailer's fashion and price positioning, the manufacturer's opportunities as a potential supplier, issues the retailer may identify as significant problems, and the manufacturer's export plans and longer term strategies.

  Particular focus should center on the retailer's perceptions of:

  - The product's position in terms of creative, original, innovative design and styling and high quality.

  - The price point at which the product must sell to be competitive and the feasibility of that price positioning from the manufacturer's actual cost structure.

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[1]These reference reports are available by special request from the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada, Ottawa, Ontario, Canada.

[2]Detailed information on the Canadian Consulates General and Provincial Trade Offices in the United States is presented in Appendices IV-VII.

An Internal Analysis of the Firm's Export Capabilities

The internal analysis of the firm's export capabilities should focus on:

- o Management and key operating personnel interest and/or commitment to the export concept.

- o Evaluation of company's product line, in terms of specific items, design, quality and price points as related to the United States market.

- o Production capacity available for the United States market and potential impact of United States sales growth upon other markets of the firm.

- o Comparisons of the firm's operating cost structure versus other competitive suppliers serving the United States market.

- o Financial capabilities for funding the firm, internally or externally.

- o Availability of export management expertise, internally or externally.

- o Availability of sales and marketing expertise for implementing the export program in the United States.

- o Adaptability of the organization to reduce costs through new technologies, better engineering, managerial reorganization, etc. to be competitive with other suppliers.

Identification and Evaluation of Canadian Provincial and Federal Government Export Support Programs

The Canadian government, at both the provincial and federal levels, offers a variety of export support programs to Canadian manufacturers. As part of the export analysis, the Canadian winter outerwear manufacturer should:

- o Identify the broad range of programs that are available and evaluate which programs are applicable to the individual manufacturer's situation.

- o Explore the applicable programs with the appropriate government officials.

  Illustrative government export programs are outlined in Exhibit VI-1. More detailed information is provided in Appendices IV-VII.

Evaluation and Decision Making Regarding Export Feasibility

Based on the export analysis, the management "task force" should assess the feasibility of the firm developing and implementing an export strategy for entering the United States market. If the upper management and key operating personnel consider the opportunities feasible, the firm should move to Stage II and formally launch development of an export strategy and operational program.

Exhibit VI-1

Canadian Government Export Support Programs

Some Illustrations[1]

The Canadian Government, federal and provincial, provides a variety of loans and grants to support Canadian manufacturers' export development activities.

Illustrative Canadian federal support for:

- Trade Missions
- Participation in Trade Shows
- Incoming Buyers Program
- Market Identification Visits
- New Exporters to Border States (NEBS) Program
- Credit Insurance

Illustrative Canadian provincial support in the provinces with significant winter outerwear manufacturing

Alberta provides support for:

- Market Identification Visits
- Participation in Trade Shows
- Incoming Buyers Program

British Columbia provides support for:

- Trade Missions
- Market Identification Visits
- Participation in Trade Shows
- Incoming Buyers Program

[1]Additional information is provided in Appendices VI-VII.

Exhibit VI-1

Canadian Government Export Support Programs

Some Illustrations

(Continued)

Manitoba provides support for:

- o Group Sales Missions
- o Participation in Trade Shows

Ontario provides support for:

- o Trade Missions
- o Participation in Trade Shows
- o Incoming Buyers Program
- o Formal Export Consortia
- o Loans for Financing Foreign Receivables

Quebec provides support for:

- o Participation in Trade Shows
- o Market Identification Visits
- o Development and Implementation of Marketing Strategies

Stage II: Organizing for Initial Planning and Target Marketing

The Canadian winter outerwear manufacturer that concludes export marketing is feasible for the firm should make a managerial commitment to export marketing. The firm should formally organize for initial export planning and target marketing.

The Management "Export Team": Managing and Budgeting

- The management "export team" which performed the initial export analysis should be formally assigned the advisory responsibility for initial planning, development, implementation and monitoring of the export strategy and operating program in its initial phases.

- A preliminary operating budget should be developed and committed at the outset to fund the initial export planning and development phase. The budget should be reviewed as the export program matures.

Assignment of Specific Coordination Responsibility: A Check List Approach

- A specific individual should be formally assigned the export planning and development coordination responsibility.

- The individual should prepare a preliminary outline of initial export planning and development activities for review by the "export team".

  Initial export planning activities should involve information development on such crucial issues as:

  - Identifying the firms' winter outerwear products that appear to have the most immediate marketability in the United States based on the Stage I feasibility analysis.

  - Defining customs classifications for the products initially identified, in consultation with customs brokers or with the Department of External Affairs, Government of Canada.[1]

  - Developing procedures for handling the logistical and governmental mechanics of exporting to the United States.[1]

  - Actively applying for whatever Canadian government, provincial and/or federal, export support programs for which the firm may qualify.[1]

- The individual will initially be responsible for implementing the full range of export development activities listed in the preliminary outline.

  As the export program matures, additional personnel can be added to implement the expanded export effort.

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[1]Detailed information on the Canadian provincial and federal government trade offices is presented in Appendices IV-VII.

Stage III: Building a Targeted Market Positioning Niching into the Canadian Target Market into the United States

Building upon Stage II, the management commitment to export marketing, the "export team" advisory role and the specific individual assigned to develop and implement the export program, the firm is ready to initiate Stage III in the export development program.

Chapter IV presented an in-depth market potential analysis of the Canadian Target Market by State and Metropolitan Standard Area (MSA).

Those markets were profiled based on estimated winter outerwear retail sales market potential. The markets were also analyzed based on selected economic, demographic and retail sales statistics. Chapter V described the Directory of Selected Winter Outerwear Retailers and identified some key target retail accounts for initial sales development with the Canadian Target Market. That content provides a powerful background for target marketing.

Stage III focuses on development of a market positioning strategy and tactics for niching into the Canadian Target Market in the United States. Market niching involves identifying specific target markets and tailoring specialized product offerings to those target markets to capture and develop a unique market position or niche.

The specific strategies and tactics, of course, must vary with each manufacturer. Each manufacturer will have a different level of export commitment within its overall business plan, different products, different geographic manufacturing sites, different preferred United States markets, different management philosophies and expertise, etc.

The focus here, therefore, will be on the process of developing a market positioning strategy and the critical issues that should be considered.

Developing a United States Retail Marketing Orientation

The Canadian winter outerwear manufacturer must develop a retail marketing orientation from the perspective of the United States retailer. That orientation is essential to structuring a successful market positioning strategy to export winter outerwear to the United States.

The United States winter outerwear buyer has a well defined business viewpoint.

- o Winter outerwear is viewed as a profit generating machine by the United States retail buyer. The primary function of the product category is to generate gross margin, inventory sales and turnover and "bottom line" profitability to contribute to the retail department's and the retail buyer's profitability objectives.

  Winter outerwear retail buyers have profitability goals in the range of 44% to 55% gross margin on sales based on the Survey of Winter Outerwear Retail Buyers. The retail buyers are evaluated on achievement of that gross margin profitability.

- o Winter outerwear suppliers, therefore, are increasingly emphasizing "program marketing" in contrast to "specific winter outerwear item selling" in merchandising to retail buyers.

  In "program marketing", the suppliers offer the retail buyer an integrated product and merchandising program designed to support the retailer's "profit margin protection" over the winter outerwear selling season.

  The specific elements included in a particular "program marketing" merchandising package will vary. Typical elements, however, may include a recommended introductory retail price, a graduated retail mark-down plan over the selling season, co-op advertising, and additional "mark-down money" if the product does not meet the retailer's selling plan objectives.

- o Winter outerwear suppliers emphasize "relationship building", "close cooperation", "risk sharing", and "joint venturing" with retailers.

  The result of this retail marketing orientation is "profit margin protection" for the retail buyer through "program marketing" in exchange for continued sales for the supportive outerwear manufacturer.

- o Winter outerwear suppliers in the United States build their own "profit margin protection" into their product pricing strategy to the retail buyers.

  The "program marketing" expenses associated with the special merchandising elements plus the manufacturer's required profit margin are integrated into the initial pricing to the retailer.

While this emphasis on "profit margin protection" and these particular practices may be less widely used in Canada, this business orientation is the reality of the United States retail buying environment of the late 1980's.

Creating a Preliminary Operating Plan for Export Marketing to the Canadian Target Market in the United States

At this point in Stage III, the individual responsible for coordinating the export marketing program, with the "export team", should prepare a preliminary "S.W.O.T. Analysis" (strengths, weaknesses, opportunities, and threats) facing the firm in the export marketing task.

More specifically, the firm's capabilities for export marketing should be realistically evaluated:

- o What are the firm's strengths, e.g., particular product specialties such as parkas, high fashion leather goods, etc., creative design, manufacturing capacity, availability of established retailer relationships in Canada, long operating history, strong, experienced management, etc.

- o What are the firm's weaknesses, e.g., lack of real management commitment to export marketing, limited financial resources, lack of export marketing experience, limited production capacity for supplying United States orders, lack of an infrastructure for handling the mechanical logistics of exporting, etc.

- o What are the unique opportunities open to the firm, e.g., specific product and target market niches, specific retailer contacts, United States interest in Canadian design and quality, linkages into specific geographic markets, e.g., the Western ski market or the New England market, connections with sales representatives in the United States, the potential of free trade between the United States and Canada, etc.

- o What are the major threats facing the firm in export marketing, e.g., historical short term orientation for rapid payback, reluctance to build the United States export infrastructure, physical distribution, sales organization, adaptability to meet United States styles and tastes, etc.

Building upon that situational assessment, a preliminary operating plan should be prepared to guide the planning and implementation of the export program in the near term.

More specifically, the plan should include:

- o Initial export planning and development objectives with specific measures of effective performance.

- o A detailed market niching strategy that specifies:

  - -- The target markets to be attacked.
  - -- The product lines to be offered.
  - -- The customer service support program to be offered.
  - -- The sales campaigns to be implemented.
  - -- The "program marketing" packages to be offered to target retailers.
  - -- Personnel assignments with clearly defined performance expectations and accountability for implementation.

- o A time schedule for implementation with periodic milestone reviews.

- o Preliminary pro forma financial statements, including sales targets, line item expense budgeting, cash flow analyses, and forecasts of profit on sales over the planning cycle.

- o A procedure for tracking export performance over the near term.

- o A contingency plan which defines specific response actions whenever the strategy does not achieve planned goals.

The plan should have a three year planning horizon. The plan should be very detailed for year one with a "paint by number" level of specificity. Years two and three can be more general, reflecting the need for a "zig and zag"/rapid adjustment approach to changing competitive conditions.

Identifying a Specific Canadian Winter Outerwear Product Line and Canadian Target Markets in the United States: A Check List Approach

The Canadian winter outerwear manufacturer must identify a specific winter outerwear product line and niche that product line into the Canadian Target Market based on distinctive competitive opportunities available to the manufacturer.

More specifically, the manufacturer must:

- o Identify the winter outerwear product line that will be offered in the United States.

  The product line positioning should focus on:

  - -- Design and styling: creative, original, innovative versus traditional, basic winter outerwear.
  - -- Price points: medium to upper versus budget to moderate price.

- o Select the geographic market regions that have:

  - -- The highest market potential for retail sales.
  - -- A well developed retailer infrastructure that can be sold and serviced efficiently by the manufacturer.

- o Focus the sales and marketing campaign on target retailers in the selected geographic markets in terms of:

  - -- Retailer size: large versus medium versus smaller retail volume.
  - -- Type of retailer: department store, independent specialty chain, boutique specialty ski shop.
  - -- Specific retail firms identified in the Directory of Selected Winter Outerwear Retailers.

- o Schedule the sales and marketing campaigns to fit the United States retail buying seasons which may vary by product category and may not parallel the Canadian buying seasons.

  The men's wear, women's wear, children's wear and skiwear buying seasons are described in Exhibits VI-2 through VI-5.

Exhibit VI-2

Men's Winter Outerwear

The United States Fall-Winter Buying Season

October-November-December	o Retail buyer gets first exposure to men's winter outerwear products and marketing program through New York market visits and sales personnel visits to retailers.
January-February	o Retail buyer gets second exposure to adapted men's outerwear products and marketing program.
January-February	o Retail buyer makes initial commitment verbally.
February-March	o Retail buyer attends major national trade shows, e.g. MAGIC and NAMSB.
	o Retail buyer finalizes major selections and commitments.
April	o Retail buyer places detailed order/"paper" in terms of assortment, sizes, etc.
April-July	o Manufacturers produce products.
July-August	o Manufacturers deliver product.

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[1]Smaller retailers may make final buying commitments earlier in the buying season than the larger and very large retailers.

Exhibit VI-3

Women's Winter Outerwear

The United States Fall-Winter Buying Season[1]

December-January-February	o Retail buyer gets first exposure to women's winter outerwear and marketing programs through New York market visits, regional shows or sales personnel visits to retailer. o Place orders on "early buy" specials.
February-March	o Retail buyer gets second exposure to women's winter outerwear and marketing programs; retail buyers attend major national trade shows, N.Y. Pret. o Places initial orders on major lines.
April-May	o Retail buyer prices bulk of orders and specified terms of assortments, sizes, etc.
April-July	o Manufacturers produce products.
July-August	o Manufacturers deliver products.
September-October	o Retail buyer places reorders and buy Christmas sales and other promotional goods. o Retail buyer reorders high sales items based on August/September sales record.

[1]Smaller retailers may make final buying commitments earlier in the buying season than the larger and very large retailers.

Exhibit VI-4

Children's Winter Outerwear

The United States Fall-Winter Buying Season[1]

October-November-December	o Retail buyer gets first exposure to children's winter outerwear products and marketing program, primarily through New York market visits, and sales personnel visits to retailer.
January-February	o Retail buyer gets second exposure to adapted children's winter outerwear and marketing programs.
January-February	o Retail buyer early orders for "choice" merchandise.
February-March	o Retail buyer attends International Kids Fashion Show in New York and regional children's apparel trade shows in Dallas, Atlanta, Chicago and Los Angeles. o Retail buyers place bulk of orders.
April-July	o Manufacturers produce products.
July-August	o Manufacturers deliver products.

[1]Smaller retailers may make final buying commitments earlier in the buying season than the larger and very large retailers.

Exhibit VI-5

Skiwear

The United States Fall-Winter Buying Season[1]

November-December-January	o Retail buyer contacts specific "preferred" manufacturers[2]. o Some orders are placed on items with price breaks to support "early buy" programs.
February	o Early orders placed on hot items.
March	o Retail buyer attends Ski Industries America Sports Exposition (SIA) and gets broad exposure to ski fashion and marketing program. o Retail buyer gets exposure to multiple full lines at regional trade shows. o Bulk of the orders are placed at show or by end of March/early April.
April-July	o Manufacturers produce products.
July-September	o Manufacturers deliver products.

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[1]Smaller retailers may make final buying commitments earlier in the buying season than the larger and very large retailers.

[2]Skiwear retailers aggressively seek product line exclusivity, a "clean line". Retailers do not like comparable merchandise that consumers can shop and price compare across competitors, particularly larger retailers.

Stage IV: Development of Specific, Operational Strategies for Selling/Marketing to the Canadian Target Market

Stages I through III of the Plan of Action have dealt with the initial planning, organizational development and positioning of the export marketing program.

Stage IV focuses on the development of specific, operational strategies for selling/ marketing to the Canadian Target Market in the United States. Stage IV is organized around the following sections:

- Developing a Proactive, Total Customer Service Capability: The Key Retail Account Management Program.
- Structuring a Routine Procedure for "Program Marketing" and for Sales/ Marketing/Negotiating with Target Retailers.
- Developing Product Strategies.
- Developing Pricing Strategies.
- Developing a Physical Distribution Strategy.
- Developing a Sales/Marketing Organization in the Marketing Communications Strategy.
- The Functions of the Canadian Manufacturer's Showroom in the Marketing Communications Strategy.
- Developing a Creative Advertising, Promotion and Telemarketing Program in the Marketing Communications Strategy.

Developing a Proactive, Total Customer Service Capability:

The Key Retail Account Management Program

The Canadian winter outerwear manufacturer must make a formal and visible commitment to proactive, comprehensive customer service in support of its retail customers in the United States. The strategic goal is to develop an image of the Canadian manufacturer as a "local, domestic supplier" with a proactive, comprehensive, total customer service capability.

The Key Retail Account Management Program should be structured to deliver that service. The Program should be designed to:

- o Generate retailer profitability through providing "profit margin protection" for the retail buyer.

- o Provide creative merchandising support through integrated "program marketing" to drive product sales during the selling season.

- o Deliver full "after sale" problem solving service to the retail buyer on a continuing basis through a formal customer service infrastructure.

The Key Retail Account Management Program should:

- o Be organized around a team of customer service personnel who are knowledgeable about the manufacturer's operations, export logistics and procedures, and trained in proactive problem solving from the retailer's perspective.

- o Define the most common and important customer service problems recognized by the target retailers, such as delivery scheduling, inventory returns, "short orders", and general account servicing.

  Develop "solution packages" for the key problems, give the "solutions packages" definitive labels, e.g., the "Quick Ship Program", and aggressively merchandise these customer service capabilities as part of the firm's "complete product offering" to the target retailers.

- o Establish an effective communication system, e.g., an "800 number" network, to guarantee rapid accessibility between the Canadian manufacturer and the retail buyer.

- o Develop a standardized and ongoing communication process with the retailer built upon a formalized "reporting to retail buyer" contact schedule.

- o Structure a fast response/rapid delivery system to cut the time of the production cycle from initial retailer "buy" through consumer purchase.

  The goal is to decrease inventory levels at all stages in the distribution process and increase operating efficiency, inventory turns and profitability for both the manufacturer and the retailer.

- o Monitor delivery schedules and provide immediate and accurate information to retail customers on shipment delays.

- o Develop a proactive problem solving approach in supporting the retailer.

The objective is to identify potential problems, e.g., anticipated late delivery, slow selling merchandise, profit margin erosion in a particular item, etc. and take remedial service action before the problem becomes acute.

Routine Merchandising Practices Used in

"Program Marketing" with Target Retailers

The "bottom line" profit orientation of the United States retailer and the growing importance of "program marketing" in "profit margin protection" are crucial in retailer-supplier relations. The Canadian winter outerwear manufacturer must be aware of routine merchandising practices used in "program marketing" with target retailers.

Several elements are essential to that routine "program marketing" procedure.

Understanding Current United States Retailer-Manufacturer Relations

In the competitive environment of the 1980's, retailers, particularly the large volume and more aggressive middle sized retailers, are expecting/demanding "program marketing" approaches to winter outerwear merchandising. The Canadian winter outerwear manufacturer must be thoroughly familiar with these sales/marketing/negotiating practices.

Several merchandising practices are widely used by competitive suppliers:

- "Early payment" discounting.

  Suppliers provide special discounts to encourage early payment, e.g., within 10 days of invoice date, to expedite cash flows. These discounts are similar to traditional "cash payment" discounts, e.g. 2%/10 days, but now run as high as 8%.

  In the winter outerwear industry, however, the specific terms for early payment are negotiated based on the dynamics of each sales transaction.

- "Early buy" incentive discounting.

  Suppliers offer special discounts to retailers who make buying commitments "early" in the season.

  The supplier's objectives, obviously, are to capture sales volume early in the buying season, identify particular products that may be popular for selling emphasis, and initiate production planning.

- "Markdown money".

  Suppliers guarantee rebates to retailers to cover gross margin losses below selling plan goals that may result form excessive merchandise markdowns over the selling season. The goal of "markdown money" is to guarantee the retailer's target 44% to 55% gross margin on sales or to minimize the losses below the targeted profit margin objectives.

- "Take back" guarantees.

  Suppliers guarantee "take back" of the merchandise if the "program marketing" package does not meet selling plan objectives.

  "Take back" guarantees are typically used to close "experimental buys" and build relationships with:

  -- New retail buyers who may feel uncertain about the retailer supplier relationship or the particular apparel item.

  -- New accounts who want the supplier to participate in a "joint venture" relationship which guarantees "profit margin protection" if the item does not sell as planned.

  The supplier's objective is to build an ongoing relationship with the retailer at no risk to the retailer. The expectation, of course, is that future sales volume will develop.

- Cooperative advertising allowances.

  Suppliers provide co-op advertising allowances to the retailers calculated as a percentage of the wholesale sales volume to the retailer.

  The co-op advertising allowance is supposedly to be used to advertise/promote the particular apparel program or item. Actual retailer follow-through with manufacturer specific co-op advertising varies. Manufacturer monitoring of actual retail follow through with specific manufacturer advertising also varies.

- Catalog and telemarketing tools.

  Suppliers provide formal catalogs or less formal invoice stuffers to retailers for distribution to their customer base.

  Some suppliers also provide selling scripts for telemarketing as a follow-up on the catalog/invoice stuffer promotions.

- Creative customer service.

  Creative customer service has become increasingly important in winter outerwear, particularly in more expensive coat categories. Suppliers provide warehousing of "end of season"/"left over" inventory in insured warehouses to minimize the "clear the inventory" markdowns and profit margin losses.

  In terms of costs and pricing to the retailer, several approaches are used. The creative customer service may be used as a:

  -- No-cost to the retailer/selling tool for relationship building toward future business.

  -- Cost center with a "break even" cost charged to the retailer.

-- Profit center with retailer charges intended to generate a modest or full profit contribution to the manufacturer's operation.

o Private design labels/items for retailer differentiation.

Suppliers develop private design labels for retailers as an independent product or in coordination with other manufacturer lines.

The merchandising practices that have been described are illustrative of the dynamic nature of the sales/marketing/negotiating process between winter outerwear retailers and manufacturers.

Each of the practices...and their economic discounts...must be negotiated in an integrated "program marketing" package.

Utilizing "Program Marketing"

In utilizing "program marketing", the Canadian winter outerwear manufacturer must:

- o Understand routine merchandising practices typically used in the United States as previously outlined.

- o Carefully evaluate the economic costs of specific practices, e.g., "markdown money" or "advertising allowances" demanded in "program marketing" packages by retailers.

- o Decide which merchandising practices will be used with target retailers, given the firm's business philosophy and strategies.

Effective "program marketing" builds upon:

- o Creative product strategies.

- o Aggressive pricing strategies.

These dimensions are discussed in the following sections.

The Canadian winter outerwear manufacturer has several distinctive strategic product positioning options available. Review of the strategic product positioning options should be viewed from the perspective of:

- o The short to intermediate time horizon.
- o The longer term time horizon.

Product Strategies in the Immediate to Intermediate Time Horizon

In the short to intermediate time horizon, there are at least three clearly defined product sectors where the Canadian winter outerwear manufacturer can potentially establish a competitive and profitable market niche. The three product sectors include:

- o Traditional design and styling, basic functional winter outerwear.
- o Creative, original and innovative design and styling of winter outerwear.
- o Promotional selections of specially designed winter outerwear at very competitive price points supported by aggressive "program marketing" package.

Traditional Design and Styling, Basic Function Outerwear. Several successful Canadian winter outerwear manufacturers have exported traditional design and styling, basic winter outerwear to large volume, better quality retailers and to mass merchandisers in the United States. Those clients have generally been well satisfied.

- o Much of this large volume is sourced from low cost manufacturing countries, primarily from the Far East.
- o There still exists a small but potentially profitable market for traditional design and styling winter outerwear but with high technology/high quality in the higher price points, not supplied by the "off-shore" suppliers. This market would be served through the quality, fashion specialty store retailer.

  Much of the United States domestic manufacturing sector has been attempting to reach this market with limited impact, reportedly because of designing and quality.
- o Demand in this product segment is mature, and is expected to remain stable.

Creative, Original and Innovative Design and Style with High Quality Winter Outerwear. The most significant development in the winter outerwear apparel category in recent years has been the dramatic growth in fashion design and styling at the manufacturer level and the rapid acceptance of the new winter outerwear fashion viewpoint at the retail buyer and consumer levels.

- Creative, original and innovative design and styling with the high quality winter outerwear has been one of the major trends in the entire outerwear apparel category in the United States in recent years.

- The major, moderate to better price point department stores have shifted their winter outerwear focus from the traditional design and styling, basic winter outerwear lines to the higher fashion product.

- Several Canadian winter outerwear suppliers have established significant and highly visible market positions based on creative, original and innovative design and styling with high quality in the higher price points.

  Based on their successful positioning in winter outerwear, some of these Canadian manufacturers are expanding from this business base into active sportswear with equally impressive market acceptance.

Promotional Selections of Specially Designed Winter Outerwear at Very Competitive Price Points Supported by Aggressive "Program Marketing" Packages. The promotional winter outerwear sector offers an unusual opportunity for the Canadian winter outerwear manufacturer on several dimensions. The promotional winter outerwear market:

- Offers a significant sales volume and profit opportunity for unique Canadian items that have creative, original and innovative design and styling with a "measured quality" at a competitive price point.

- Provides a potential entre for a Canadian winter outerwear manufacturer to close and "experimental buy" with a new major retailer. The longer term goal, of course, is to establish a larger volume, long term relationship with limited initial retailer risk.

Canadian winter outerwear manufacturers must beware, however, of developing a low profit margin product mix based on over commitment to low margin promotional merchandise.

Product Strategies in the Longer Term Time Horizon

The Canadian winter outerwear manufacturer has a distinctive competitive edge in supplying quality winter outerwear to the United States. The successful competitive product strategy must:

- Build upon the historical strength of the Canadian winter outerwear manufacturer in producing traditional design and styling.

- Emphasize creative, original, innovative design and styling with high quality winter outerwear.

The Survey of Winter Outerwear Retailers and the Survey of Canadian Winter Outerwear Manufacturers emphasized the importance of this higher fashion, higher quality, higher price point sector for longer term growth.

The Survey data noted that the Canadian winter outerwear community had been very effective in adapting other designers' concepts into Canadian products.

Canadian design, however, has been criticized for not being "leading edge" in new design creation, particularly as related to the United States markets.

Canadian winter outerwear design and styling, therefore, should be market niched toward the Canadian Target Market in the United States. Focus should be on specific winter outerwear design and styling tastes of winter outerwear consumers and retailers by geographic target markets.

Toward that goal of target marketing in the United States, the Canadian winter outerwear designers should:

- o Continue to monitor European winter outerwear design concepts and adapt them to North America.
- o Monitor and research design and styling trends in winter outerwear in the United States.
- o Formally study design at the leading fashion apparel design schools in the United States toward more complete understanding of the United States market.

Developing Pricing Strategies

The Canadian winter outerwear manufacturer must position its pricing strategy in the moderate to better price points.

The pricing strategy must be built upon:

- o Comprehensive analysis of manufacturing costs, careful monitoring of manufacturing operations and cost controls, and development of realistic profitability expectations for the firm.

- o Systematic calculation procedures for pricing "program marketing" packages including both product costs and merchandising support elements.

  The pricing process must include all product manufacturing costs, special merchandising services involved in the "program marketing" package and the required corporate profit margins and net profit on sales goals.

Comprehensive Analysis of Manufacturing Costs

The Canadian winter outerwear manufacturer should conduct a comprehensive analysis of its manufacturing costs. Based on the Survey of Canadian Outerwear Manufacturers, the following conclusions are relevant:

- o Actual product manufactured costs and cost controls must be more effectively managed to keep the Canadian winter outerwear manufacturers competitive with the domestic United States manufacturers and the import suppliers.

- o Gross profit margin expectations and net profit on sales must be reviewed and evaluated in terms of the Untied States competitive environment.

Systematic Calculation Procedures for Pricing "Program Marketing" Packages.

The Canadian winter outerwear manufacturer must develop systematic calculation procedures for pricing "program marketing" packages to its retail buyers.

- o At the outset, the actual costs to the firm of a particular "program marketing" element must be defined.

  The Survey of Winter Outerwear Retailers and the Survey of Canadian Winter Outerwear Manufacturers reflected that the actual costs can vary widely depending on the retailer's size, its negotiating aggressiveness, the retail buyer's perceived risk in the merchandising program, the supplier-retailer relationship, e.g., new source versus long term source, the competitive nature of the market, traditional industry practice, fluctuating interest levels in the financial market, etc.

- o Several issues should be taken into consideration in pricing "program marketing" packages:

- -- "Early payment" within 10 days or by the end-of-month discounts, for example, have reportedly ranged from 4% to 8% over the 1985-1986-1987 period, reflecting, in part, the fluctuating money market.

- -- "Early buy" incentive discounts have reportedly ranged from 10% to as high as 25% of manufacturer's invoiced costs.

- -- Co-op advertising allowances vary widely in both amount, calculation procedures, and in manufacturer monitoring of the actual co-op advertising expenditures by the retailer.

  Advertising allowances reportedly range from 1 1/2% to 5% calculated on manufacturer's invoiced price. In terms of monitoring of co-op advertising, some manufacturers track the retailer's expenditures carefully; others merely dismiss the co-op advertising allowance as a price rebate.

- -- "Markdown money" allowances vary widely, also, and is typically a supplier-retailer negotiated arrangement. Markdown money in the 8% range calculated on full markup retail price is frequently reported by manufacturers and retailers.

- -- "Creative customer service" is costed in a variety of ways based on the example of off-season warehousing of the retailer's inventory.

o Using this "cafeteria approach" to costing, whatever "program marketing" elements a retail buyer may want in the merchandising package can be included and costed into the final product price quotation.

An Illustrative Case History of "Program Marketing"

The dynamics of the "program marketing" process are illustrated in this case history of a Canadian winter outerwear manufacturer selling to a "better" price point retailer in the United States.

A major men's and women's specialty clothing retailer featuring "better" merchandise headquartered in Chicago was developing a Fall promotional program in the women's dress coat category.

o The retail buyer in the coat department identified a retail market niche opportunity for a special leather coat that involved:

- -- A special "classic" design/style/fashion statement.

- -- Priced at $950.00 at full retail markup.

o The buyer shopped the United States domestic and international markets but could not find an acceptable supplier.

- o Ultimately, the buyer approached a Canadian winter outerwear manufacturer with a very special "program marketing" opportunity.

  -- The retail buyer defined the product concept clearly in a rough sketch of the coat silhouette that included ornamentation, skin grade and the mechanics of garment construction.

  -- The initial purchase was to be 200 units, with a potential rebuy of 200 units.

  -- The retailer required a 64% markup at the $950.00 retail price. The manufacturer's price, therefore, could not exceed $342.00 per garment.

  -- The manufacturer was to "hold back"/"rebate" $95.00 per garment, 10% of the full retail price, as "markdown" money for "profit margin protection" during the selling season.

  The $95.00 was to be added to the manufacturer's actual price to create an artificial inflated manufacturer's invoice price of $437.00. The buyer would have the option to request the $95.00 rebate to the department at her/his discretion after the product was invoiced.

  -- The manufacturer was to give an 8% discount for payment within 10 days.

  -- The manufacturer was to provide an advertising allowance of 4%.

  -- The manufacturer was to provide off-season storage of left over merchandise for a negotiated fee per garment.

  The buyer was confident the classic design of the item would have at least a two season life cycle and wanted to avoid the severe "end-of-season" markdowns.

The challenge, of course, is, how should the Canadian winter outerwear manufacturer respond to this opportunity?

Developing a Physical Distribution Strategy

The Canadian winter outerwear manufacturer must develop a formal physical distribution strategy for managing the logistics of export marketing to the United States.

- o At the outset in launching export marketing to the United States, the Canadian winter outerwear manufacturer must develop a formal process or system for handling the logistical and governmental mechanics of exporting to the United States.

- o In developing a physical distribution strategy for export to the United States, a critical issue is the selection of the Canadian-United States border port of entry most efficient for the Canadian manufacturer.

  The Department of External Affairs U.S. Market Access Group reports that the key border ports of entry are identified as:

  -- Calais, Maine/Houlton, Maine

  -- Champlain, New York/Rouses Point, New York

  -- Alexandria Bay/Ogdensburg, New York

  -- Buffalo, New York

  -- Detroit, Michigan

  -- Pembina, North Dakota

  -- Sweetgrass, Montana

  -- Blaine, Washington

- o Canadian winter outerwear manufacturers experienced in export marketing to the United States emphasize that it is important to select a particular border port of entry and establish close working relationships with the United States customs officials at that port of entry.

  In the case of establishing duty classification for specific winter outerwear items, decisions on garment ornamentation, for example, are often based on an opinion by a particular customs official. Another customs official at another port of entry could have a different opionion which could significantly change the duty classification and significantly affect the duty rate. Once a duty classification is established, the manufacturer should document the customs official's rationale for the classification and continue to use that port of entry and refer any classification problems to that particular customs official.

  A set procedure, therefore, should be established for determining duty classifications, routinizing the customs clearance process:

o Documentation

Canadian exports to the United States, including returned American merchandise, should be accompanied by Canada Customs export form B-13, supplies of which may be obtained from Canada Customs. B-13 export forms are also available from Canadian customs brokers and freight forwarders.

The only other documents generally required when shipping to the United States are a bill of lading, or air waybill, as well as a commercial invoice. The Canadian exporter should stipulate to the carrier which U.S. Customs broker (if any) is to be used.

Note: It is important that exporters insure that all documentation be complete and accurate.

o Bill of Lading or Air Waybill

Normally a bill of lading or air waybill for Canadian shipments is required by U.S. Customs authorities. In lieu of the bill of lading or air waybill the shipping receipt may be accepted if customs is satisfied that no bill of lading or air waybill has been issued.

o Invoice

All shipments should be accompanied by a commercial invoice containing the value of the merchandise, or any other necessary particulars and bearing the name of a responsible individual. Only one copy of the commercial invoice is required by U.S. Customs.

Special information with request to certain classes of goods is sometimes required when the commercial invoice does not give sufficient information to permit classification and appraisal.

o Packing List

U.S. Customs may require a detailed packing list if the commercial invoice does not accurately reflect the contents of each container.

o Entry at Customs

Goods may be entered for consumption or for warehouse at the port of arrival in the United States, or they may be transported in bond to another port of entry and entered there under the same conditions as at the port of first arrival. The goods may be entered by the consignee, his authorized regular employees, or his agent. The only persons who are authorized to act as agents for importers in customs matters are licensed U.S. Customhouse brokers.

While entry of goods may be made by a non-resident individual, partnership, or corporation by means of an agent or representative of the exporter in the United States, it is generally advisable to utilize the services of a U.S. customhouse broker in order to facilitate customs clearance.

o Customhouse Brokers

Prices are generally competitive among customhouse brokers depending, of course, on volume and complexity of shipments. Prior arrangements should be made with customhouse brokers on methods of shipment, documentation requirements, billing, etc. If shipping by a parcel delivery service, such as UPS, the shipment will normally be processed through U.S. Customs utilizing the delivery service's customhouse broker, unless specific directions are provided to the delivery service to use the clients customs broker.

o Temporary Free Importation

Certain articles not imported for sale, such as commercial samples, may be admitted into the United States under bond without the payment of duty. Generally, the amount of the bond is double the estimated duties. Such articles must, in most cases, be exported within one year from the date of importation.

The temporary importation of goods into the United States (as well as into a number of other countries) can, in many instances be simplified through the use of an ATA Carnet, which is issued by the Canadian Chamber of Commerce. An ATA Carnet can also be used for the temporary importation of most commercial samples.

o Marking of Goods

-- Country of Origin Marking:

With a few exceptions all goods imported into the U.S. must be legibly and conspicuously marked in English to identify their country of origin to the ultimate purchaser in the United States.

The use of stickers or tags is permitted if used in such a manner as to be permanent, unless deliberately removed, until receipt by the ultimate purchaser.

-- Composition Marking:

All textile fiber products, products containing woolen fibers, or fur products must be marked in accordance with the regulations and requirements under either the Textile Fiber Products Identification Act, the Wool Products Labelling Act of 1939, or the Fur Products Labelling Act, as appropriate.

o Customs Entry Assistance

To facilitate access into the United States marketplace, a Canadian exporter should have information on customs documentation, tariff classification, rates of duty, and value for duty. Exporters should also acquaint themselves with U.S. laws and regulations that may be applicable to their products such as those acts and regulations mentioned under the preceding section "Marking of Goods".

Such U.S. import information is available from:

U.S. Market Access Group (UET)
Department of External Affairs
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario K1A 0G2

Tel.: (613) 993-7484

Canadian exporters of products destined for the U.S. and particularly first time exporters, or exporters of new products, are strongly urged to contact the U.S. Market Access Group for assistance with their exports. Additional sources of U.S. import information are U.S. customhouse brokers and the U.S. Customs Service itself.

o In developing the physical distribution strategy, some Canadian winter outerwear manufacturers have established warehouse facilities in the United States in the port of entry city locations. Manufacturers have both rented private warehouse or have leased public warehouse storage space.

The warehouse facilities are used to perform several functions such as:

-- Customs brokerage/merchandise receiving/mechanical processing.

-- Distribution/rerouting of merchandise.

-- Warehouse storage for key retailers' "off season" unsold merchandise.

The importance of the warehouse facility increases as the manufacturers' export sales volume increases.

o Aspects of freight forwarding and customs brokerage can be addressed by consulting with CIFFA (Canadian International Freight Forwarders Association) in Toronto or directly through an established freight forwarder.

Developing a Sales/Marketing Organization in the

Marketing Communications Strategy

The Canadian winter outerwear manufacturer must develop a formal sales/marketing organization to operate within the United States as part of its marketing communication strategy.

- o The essential first step in developing the United States sales/marketing organization is to formally assign management responsibility for the task.

  Organizationally, several managerial approaches can be used:

  -- A Canadian company management member can move to the United States to build sales and the sales organization in the United States.

  -- An experienced United States sales manager can be recruited as an employee of the Canadian firm to build sales and sales organization the United States.

  -- An independent sales representative can be recruited and contractually given exclusive sales rights to the United States.

  The independent sales representative then assumes responsibility to build sales and a sales organization. The independent sales representative would report to a Canadian sales/marketing manager in Canada.

- o Building the sales force in the United States can be attacked several ways:

  -- A small team of company sales personnel can be organized as a "commando squad", typically operating on a salary and commission basis, to develop sales in the United States market.

  Company sales personnel are typically considered most effective for selling to large and very large retail accounts who want a direct relationship with the manufacturer.

  -- A number of independent sales representatives can be contracted to represent the Canadian manufacturer on a standard commission basis in different geographical markets.

  Independent sales representatives are typically considered to be most effective in selling to smaller and medium sized independent retaiiers who want in-store/on-site selling by the representative.

  -- A combination of company sales personnel and independent sales representatives can be used with clearly defined territorial responsibilities.

- o Recruiting and building the sales force to represent the Canadian winter outerwear manufacturer in the United States involves several major challenges.

  -- Identifying and attracting competent independent sales representative in the apparel industry in the United States is difficult by definition. Canadian Consulates General in the U.S. provides assistance in locating sales personnel.[1]

  -- A relatively unknown or totally unknown Canadian winter outerwear line requires "pioneering" to achieve significant market penetration. The selling task is very demanding.

  Finding and contracting with independent sales representative who are capable and willing to assume the pioneering task is very time demanding.

  -- The independent sales representatives are also expensive.

  Commission rates charged Canadian manufacturers run in the range of 10% to 15% compared with commission rates charged United States manufacturers in the range of 7% to 9%.

  Many independent sales representatives also want advance commissions, money "up front", and allowances for shared showroom expenses.

- o The turnover of independent sales representative working with Canadian manufacturers is high due to several factors:

  -- The independent sales representatives who take a Canadian line are often naive about the required time effort involved in market development.

  -- Canadian manufacturers often don't manage the independent sales representatives effectively.

  Manufacturers frequently contract with an independent sales representative to handle the product line and then abandon the representative.

  There is no development of territorial selling plans with the representative, no product knowledge training, no involvement in the firm's broader positioning strategies, etc.

  -- Canadian manufacturers don't meet delivery commitments and alienate the retailers and the independent sales representatives.

  -- Canadian manufacturers expect immediate sales results, are unrealistic about the time and expense involved in market development, often terminating an independent sales representative prematurely.

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[1]Detailed information on the Canadian Consulates General and Provincial Trade Offices is presented in Appendices IV-VII.

The result of the high turnover is "churning" of the sales organization. With negative impact on morale, retailer relationship building and sales productivity.

- The Canadian winter outerwear manufacturer must realize, however, that building a successful sales organization in the United States is a long term project requiring 3 to 5 years of organizational development.

The Functions of the Canadian Manufacturer's

Showroom in the Marketing Communications Strategy

United States retailers emphasize that the Canadian winter outerwear manufacturer must establish high visibility, a "presence" in the United States marketplace.

The Canadian winter outerwear manufacturer export marketing to the United States should maintain a manufacturer's showroom in the major market of New York, and, potentially, in Chicago.

Functions of the Manufacturer's Showroom

The manufacturer's showroom performs several important functions in the broader marketing communications strategy for the Canadian winter outerwear manufacturer.

More specifically, the manufacturer's showroom:

- Represents a visible commitment of the manufacturer to export marketing in the United States.
- Displays the firm's merchandise in an attractive and controlled environment.
- Serves as a meeting place for retail buyers shopping the firm's lines.
- Is the local market operations center for the Key Retail Account Management Program reflecting local proactive retailer problem solving and comprehensive customer service capabilities.

Expense of Manufacturer's Showrooms

The expense of operating a manufacturer's showroom represents a significant financial commitment. The major expense categories include:

- Showroom rent: Showroom rent is the single largest expense category. Rental rates vary significantly across the geographic markets. For a showroom of approximately 3,000 square feet, the following broad ranges of rental expense per square foot per year, including utilities, would apply in the major apparel centers:[1]

New York:	$30.00-35.00, Midtown New York City $25.00-30.00, Garment District buildings
Chicago:	$18.00-20.00, Chicago Apparel Center
Dallas:	$16.00-21.00, Dallas Apparel Center

[1] United States market statistics are reported in United States dollars.

Atlanta: $24.00, Atlanta Apparel Mart

Miami: $15.00, Miami International Merchandise Mart

Los
Angeles: $31.00-37.00, California Mart

Rental expense, therefore, for a 3,000 square foot showroom could range from a low of $45,000 in Miami to a high of $111,000 in Los Angeles.

- Office manager: $20,000-$25,000 year
- Maintenance, cleaning, security, etc.: $6,000-$10,000
- Telephone, FAX transmission: $15,000

Operating a showroom in New York, for example, would cost in the range of $150,000 plus per year, including only a showroom manager and excluding any sales and customer service personnel.

Alternative Approaches to Manufacturer's Showroom Operations

The Survey of Canadian Winter Outerwear Manufacturers identified several different approaches to manufacturer showroom operations in the United States. Manufacturers have:

- Company owned and operated showrooms: Estimated cost in the $150,000+ per year range. Some showrooms reportedly cost in the $300,000-$400,000 range.
- Commissioned independent sales representatives who maintain showrooms in selected markets and the manufacturer contribute to the showroom expense: Estimated cost in the $12,000-$15,000 per year range.
- "Hotel room/showroom suite" rentals during the heavy selling season supported with local market telephone number directly connected to the manufacturer's Canadian headquarters.

Several additional alternatives have been identified.

- Non-competing manufacturers could share a showroom operation in a selected markets.
- A consortium of non-competing manufacturers could organize and collaborate on an integrated export marketing program including a manufacturer's showroom operation.
- The Canadian Government, federal and provincial, in conjunction with the Canadian winter outerwear industry, could contribute to operating a manufacturers showroom in selected markets for use by interested exporters.

Developing a Creative Advertising, Promotion and Telemarketing

Program in the Marketing Communications Strategy

The Canadian winter outerwear manufacturer should develop a creative advertising, promotion and telemarketing program as part of the marketing communications strategy.

Co-op Advertising

Co-op advertising in consumer/trade press should be managed as a key element in the manufacturer's marketing communication strategy through the "program marketing" package developed with a particular retailer.

The manufacturer should:

- Actively develop co-op print newspaper advertising programs featuring selected products using trade publications and other print media.
- Negotiate for positions in the retailer's seasonal catalogs, periodic mini-catalogs, and monthly invoice stuffers.

An Advertising Portfolio

An advertising portfolio should be assembled featuring all of the manufacturer's advertising exposure, e.g., newspaper ads, catalog positions, and invoice stuffers.

The objective of the portfolio is to assemble the firm's advertising program content as a presentation tool to display:

- The professional positioning of the firm's advertising as a sales presentation tool.
- The range of retailers with whom the manufacturer has worked.
- The style and quality of the co-op advertising efforts.
- Unique ideas the retailer might incorporate into its own advertising.

Promotional Product Literature

Promotional product literature including catalogs should be developed seasonally featuring individual product graphics for:

- Direct mail marketing to target retailers.
- "Leave behind" promotional literature in support of retail account development activities and trade show participation.

Where appropriate, a comprehensive, full product line mini-catalog may be valuable for projecting the manufacturer's total offering and broad corporate image.

Trade Show Participation

Trade show participation should be programmed as a promotional element in the broad marketing communication strategy of the firm.

- o The primary goal of trade show participation, as noted in the reference to collaborative trade show activities should focus on image building for the manufacturer. While sales may be made at the trade show, that is a secondary objective to market positioning of the firm.

- o The individual manufacturer should carefully evaluate the trade shows that are most relevant to the product categories offered and the particular geographic markets being targeted.

- o Each major winter outerwear category, with the exception of women's wear, typically has its own key trade shows that have high attendance in the United States. The major trade shows that have significant exhibits of winter outerwear are presented in Exhibit VI-6.

  The MAGIC (Men's Apparel Guild in California) Show and the NAMSB (National Association of Men's Sportswear Buyers) Show represent the two leading men's winter outerwear trade shows.

  The International Kids Fashion Show in New York is the key national exposition for children's wear. The regional shows in Chicago, Dallas, Atlanta and Los Angeles are also reported to be important to regional retailers.

  The Ski Industries America Sports Exposition (SIA) held in Las Vegas is the major national trade show for ski apparel. Some retailers also emphasize the importance of regional shows such as the Jack Frost Mountain Show in Pennsylvania and the "hotel" shows in Seattle, Washington, Buena Park, California, Reno, Nevada and Denver, Colorado sponsored by the Western Winter Sports Representatives Association.

  In the Women's winter outerwear category, the New York PRET Show is the primary exposition center with attendance estimated at 12,000 retail buyers. In women's winter outerwear, however, retailers report that no single show has a dominant market position. Retailers tend to shop manufacturers showrooms more actively.

  -- Manufacturers report that trade show participation approximates $6,000 to $15,000 for a three day show, depending on the size of the exhibits, the number of sales representatives attending, the special merchandise required, etc.

Direct Mail Campaigns

Direct mail campaigns should be aimed at target retailers in the Canadian Target Market.

The Directory of Selected Winter Outerwear Retailers in the Canadian Target Market of the United States can be an initial source of candidate retailers.

- o The proposed Canadian Winter Outerwear Guide which describes the Canadian winter outerwear industry should be mailed to the identified target retailers.

- o Relevant promotional literature featuring the manufacturer's current season's offerings should accompany the Guide.

Telemarketing

A telemarketing effort should be launched to follow-up on the direct mail campaign to:

- Explore general retail buyer reactions to the direct mail campaign and to specific product offerings.
- Qualify the retail buyer based on interest and readiness to buy.
- Arrange a personal sales presentation if the buyer reflects appropriate interest.

Exhibit VI-6

Major United States Trade Shows With

Significant Exhibits of Winter Outerwear

SHOW	PRODUCT	LOCATION
New York PRET	Women's Fashion Outerwear	New York, New York
Skiwear Industries America (SIA) Sports Exposition	Skiwear	Las Vegas, Nevada
Sporting Goods Manufacturers Show	Active Apparel and Outerwear	New York, New York
National Sporting Goods Association Show (NSGA)	Active Apparel and Outerwear	Chicago, Illinois and Anaheim, California
National Association of Men's Sportswear Buyers, Inc. (NAMSB)	Men's and Boys' Outerwear, Sportswear and Fine Clothing	New York, New York
International Kids Fashion Show	Children's Clothing (including outerwear)	New York, New York
New York Leather Exposition	Leather Garments	New York, New York
Men's Apparel Guild in California (MAGIC)	Men's Casual Apparel	Los Angeles, California
Manufacturers Wholesalers Outerwear Sportswear Show	Outerwear	New York, New York

Stage V: Launching a Strategic Planning and Organizational Development Program for Managing Future Growth

The Profile of the Successful, Experienced Export Marketer

The Survey of Canadian Winter Outerwear Manufacturers produced a very consistent profile of the successful, experienced export marketer to the United States. The exporting organization typically:

- Is managed by a small, high energy/hard driving, risk and growth oriented, sales focused, entrepreneurial team.
- Has an operating structure in place that functions at near capacity, often in a crisis frenzy, in the United States market.
- Is reasonably "street savvy" about the United States market and its idiosyncracies.
- Serves an extensive customer base of credit worthy retailers.
- Can depend, at least in the near term, on ongoing sales based on existing retailer relationships.
- Has several million dollars in sales with acceptable profitability.

As an overview, the successful, experienced export marketer has crossed the entrepreneurial survival threshold. At least for the near term, the organization and its market position are reasonably secure.

The Challenge to the Successful, Experienced Export Marketer

The critical challenge facing the export marketer is straightforward! How can the organization progress to the next stage of sales growth and profitability in the United States winter outerwear market?

At this point, the typical successful, experienced Canadian exporter has passed through the "introductory" stage of the organization's life cycle. The firm is moving into the "rapid growth" stage. The "rapid growth" stage is potentially the most challenging and traumatic phase of a company's development.

The entrepreneurial skills that were so essential in initial market entry and sales penetration will be inadequate to manage the export marketing function during rapid growth in the competitive United States market over the next 10 years.

The Canadian export marketer must launch a strategic planning and organizational development program for managing future growth of the export operation.

Organizing the United States Operation as a Strategic Business Unit (SBU)

In the initial stages of market entry and growth, the United States export operation was merely a sales office for the Canadian manufacturer. With successful growth, the organization matured into a full scale business unit.

The successful, experienced Canadian export operation in the United States should be formally structured as a strategic business unit (SBU).

Establishing a United States Corporate Identity. The United States export operation should be legally established as a United States corporation, potentially as a subsidiary of the Canadian parent. Under this structure, the United States operation can:

- Continue to market the Canadian parent's winter outerwear into the United States.

- Import winter outerwear or other products from "off-shore" sources as dictated by competitive market conditions.

Most of the successful, experienced Canadian exporters have, in fact, created United States corporations and do compliment their Canadian products with "off-shore" imports from Europe and the Far East.

Developing the "Strategic Business Unit Mentality". Though clearly interdependently related to the Canadian manufacturing parent, the United States operation should develop a "strategic business unit mentality" as an independent division responsible for its own destiny. More specifically, the unit should have:

- A recognized manager with appropriate organizational status and recognition.

- A well defined and accepted mission with supporting operating objectives specific to the Untied States market.

- A strategic business planning process and a business plan to guide the operation in its competitive environment.

- Financial responsibility for "bottom line" profit contribution.

The Economics of the Strategic Business Unit Operation. The strategic business unit (SBU) should be evaluated as a cost center, as a revenue center, and, ultimately, as a contributor to corporate profitability.

- All gross margin produced by United States product sales should be considered the revenue production of the strategic business unit.

- All directly assignable cost associated with the United States product sales or United States sales operation should be deducted from the United States gross margin generated.

- The remainder is the contribution to corporate overhead. The contribution may be positive or negative.

If the United States strategic business unit is a subsidiary of the parent Canadian manufacturer, then the positive or negative contribution accrues to the parent organization. If the

United States strategic business unit is an independent sales representative organization, as in some cases, then the positive or negative contribution obviously accrues to that entity.

Launching the Formal Strategic Planning Process for the Strategic Business Unit

To develop the strategy for the next phase in its growth, the successful experienced Canadian exporter must launch a formal strategic planning process. That process and the strategic business plan that is developed are essential elements of the "strategic business unit mentality".

In Stage III of this Plan of Action for Export Marketing, the individual initially responsible for coordinating the export effort prepared a preliminary operating plan to guide the initial activities for planning and implementing the export marketing program.
The strategic planning process to be launched here builds upon that preliminary effort. This process, however, is much more systematic, broader in scope, comprehensive and detailed. Furthermore, it is ongoing and becomes part of the strategic business unit's operating culture.

The strategic planning process involves several distinct activities or phases:

- o Performance of the managerial audit: internal organization analysis and external environmental analysis.
- o Clarification of organizational values and goals.
- o Creation of a mission statement and operational objectives.
- o Development of the action plan to achieve the mission and operational objectives.
- o Reassessment of the operationality of the plan.
- o Implementation of a monitoring program for tracking organizational performance against the mission and objectives.

Performance of the Managerial Audit. The managerial audit involves essentially a reassessment of the preliminary "S.W.O.T. Analysis" (strengths, weakness, opportunities and threats) performed as input to the preliminary operating plan in Stage III. The managerial audit, however, is more comprehensive. The audit evaluates all of the major functional areas within the strategic business unit and the major external environmental forces in the market.

Clarification of Organizational Values and Goals. Based on the managerial audit, the organizational values and goals should be reassessed. Frequently, the original values and goals of an organization change rather significantly as the organization grows and matures and Management likewise should take a flexible approach.

- o Initially, the goals of the export unit revolved around achieving sales and operational survival in the United States.

  Having achieved the current level of success and experience, what are the goals of the organization over the near term...longer term?

- o What are the demands upon the organization to achieve the redefined goals?

The clarification of organizational values and goals can be an extremely traumatic but enlightening experience for a strategic business unit at a critical path of its life cycle.

Creation of a Mission Statement and Operational Objectives. Based on the managerial audit and the clarification of values and goals, the mission statement and the operational objectives should be reviewed and formalized as basic directives to developing the action plan.

Development of the Action Plan. The action plan should be developed at the "paint-by-number" level of specificity. The action plan should include the same elements as in the preliminary operating plan in Stage III but in greater detail.

Reassessment of the Operationality of the Action Plan. After the action plan has been constructed, the plan must be re-evaluated in terms of its operational feasibility. Frequently, planners become over zealous in the planning process and develop unrealistic operational scenarios. The reassessment phase provides the opportunity for adjustment of the plan.

Implementation of a Monitoring Program. Implementation of a formal monitoring program for monitoring performance and adjustments as required is essential to the planning process. The monitoring system, however, frequently proves to be a weak link in the planning process.

The strategic planning process outlined here involves continuous information processing and analysis. Given the dramatic environmental and organizational developments in motion in the United States apparel industry, the strategic plan for the Canadian export marketer will be in a continuing state of update.

Requirements for Organizational Development

The "rapid growth" phase of the firm's life cycle will require extensive organizational development. As an organization's sales volume doubles from introduction to one million dollars, from one million to two million, from two million to four million, from four million to eight million, from eight million to sixteen million, the demands on organizational and managerial resources are dramatic.

The organization must be adaptive to the performance requirements of the operation.

The organizational framework that has been recommended here in Stage V of the Plan of Action for Export Marketing, however, provides that adaptability.

- o The creation of the United States legal entity provides strategic latitude for diversification and growth.

- The establishment of the strategic business unit (SBU) and the "mentality" creates an operational climate and culture that encourages more professional management.

- Implementation of the formal, ongoing strategic planning process can provide the analytical direction for the strategic business unit's near and longer term growth and adaptive organizational development.

Appendix I

Selected Major Retail Holding Companies

Illustrative Retail Divisions and Headquarters Locations

BATUS, INC.
2000 Citizens Plaza
Louisville, Kentucky 40202
(502) 581-8000

1986 Retail Sales $5.5 billion
Retail Division Sales $2.1 billion

SAKS FIFTH AVENUE, New York, New York
MARSHALL FIELD & COMPANY, Chicago, Illinois
THIMBLES, New York, New York
and hardlines divisions.

CARSON PIRIE SCOTT & COMPANY
36 South Wabash Street
Chicago, Illinois 60603
(312) 245-8000

1986 Retail Sales $1.3 billion

CARSON PIRIE SCOTT (Department Store Division), Chicago, Illinois
COUNTY SEAT STORES, INC., Dallas, Texas
plus Credit Corp., Hotel Division, Floorings
Division and Direct Marketing.

CARTER HAWLEY HALE STORES, INC.
550 South Flower Street
Los Angeles, California 90071
(213) 620-0150

1985 Retail Sales $3.9 billion

NEIMAN MARCUS, Dallas, Texas
BERGDORF GOODMAN, New York, New York
and seven retail divisions in "sun belt".

CHARMING SHOPPES, INC.
450 Winks Lane

Bensalem, Pennsylvania 19020
(215) 245-9100

1986 Retail Sales $394 million

FASHION BUG, East, South and Midwest
FASHION BUG PLUS, East, South and Midwest

CROWLEY, MILNER AND COMPANY
2301 West Lafayette
Detroit, Michigan
(313) 962-2400

1985 Retail Sales $104 million

CROWLEY, MILNER AND COMPANY, Detroit, Michigan

CROWN AMERICAN CORPORATION
131 Market Street
Johnstown, Pennsylvania 15907
(814) 536-4441

1986 Retail Sales $330.7 million

HESS'S DEPARTMENT STORES, Pennsylvania, New York, and three Southern states.

DAYTON HUDSON CORPORATION
777 Nicollet Mall
Minneapolis, Minnesota 55402
(612) 370-6948

1986 Retail Sales $8.8 billion

DAYTON HUDSON DEPARTMENT STORES, Minneapolis, Minnesota and HUDSON's, Detroit
TARGET STORES, (low margin), based at Nicollet Mall
MERVYN'S, Hayward, California (softlines)
and two specialty hardlines divisions.

DEB SHOPS, INC.
9401 Blue Grass Road
Philadelphia, Pennsylvania 19114
(215) 676-6000

1986 Retail Sales $147.6 million

DEB SHOPS, specialty junior apparel stores
in 29 states.

DILLARD DEPARTMENT STORES, INC.
900 West Capitol Avenue
Little Rock, Arkansas 72201
(501) 376-5200

1986 Retail Sales $1.9 billion (115 Stores)

Department store divisions serving Arkansas, Tennessee, Texas, New Mexico, Oklahoma, Missouri, Kansas, Louisiana, Nevada, Arizona, Illinois.

THE DRESS BARN, INC.
88 Hamilton Avenue
Stamford, Connecticut 06902
(203) 327-4242

1985 Retail Sales $103 million

DRESS BARN, off-price women's apparel stores.

ELDER BEERMAN STORES CORPORATION
3155 El-Bee Road
Dayton, Ohio 45439
(513) 296-2700

1986 Retail Sales $352.1 million

ELDER BEERMAN STORES
MARGO'S (merged in buying function, 1986)
and BEE GEE Shoe Division

EVANS, INC.

36 South State Street
Chicago, Illinois 60603
(312) 855-2000

1986 Retail Sales $147.6 million (includes wholesale fur division)

EVANS, INC., Chicago, Illinois and leased fur departments;
plus free standing company owned fur salons.

FEDERATED DEPARTMENT STORES, INC.

7 West Seventh Street
Cincinnati, Ohio 45202
(513) 579-7000

1986 Consolidated Retail Sales $10.2 billion

ABRAHAM & STRAUSS, New York, New York
BLOOMINGDALE'S, New York, New York
THE CHILDREN'S PLACE, Pine Brook, New Jersey
FILENE'S, Boston, Massachusetts
FILENE'S BASEMENT, Wellesley, Massachusetts
GOLD CIRCLE DISCOUNT STORES, Worthington, Ohio
I. MAGNIN, San Francisco, California
MAINSTREET, Bannockburn, Illinois
LAZARUS, Cincinnati, Ohio
plus 6 Department stores divisions in California
and "sun belt"; plus food business.

GLOSSER BROTHERS, INC.

Franklin & Locust Streets
Johnstown, Pennsylvania 15901
(814) 536-6633

1985 Retail Sales $285.0 million

GLOSSER BROS. DEPARTMENT STORES
GEE BEE DISCOUNT DEPARTMENT STORES
G-BEE JR. FAMILY APPAREL STORES
LADIES OFF-PRICE SPECIALTY STORE
and food retail businesses.

HARTMARX

101 North Wacker Drive
Chicago, Illinois 60606
(312) 372-6300

1986 Consolidated Sales $1.0 billion
1985 Retail Store Divisions Sales $575 million

RETAIL STORES GROUP:

BASKIN, Chicago, Illinois
RAY BEERS, Topeka, Kansas
CAPPER & CAPPER, Chicago, Illinois and Detroit, Michigan
FIELD BROTHERS, New York, New York
KLEINHANS, Buffalo, New York
KLOPFENSTEIN'S, Washington, Oregon and Alaska
LIEMANDT'S, Minneapolis and St. Paul, Minnesota
LITTLER, Seattle, Washington
F. R. TRIPLER, New York, New York
WALKER'S, Columbus and other Ohio locations
WALLACHS, New York state and New England
POLO SHOP, Seattle, Washington
DeJONG'S, Evansville, Indiana
and 21 other Specialty Retail divisions based in
California and "sun belt" states.

JACOBSON STORES, INC.

1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

1985 Retail Sales $285.0 million

Operates JACOBSON'S apparel and home furnishings
stores in Michigan, Ohio and Florida.

THE LIMITED, INC.

Two Limited Parkway
Gahanna, Ohio 43230
P.O. Box 16000
Columbus, Ohio 43216
(614) 475-4000

1986 Retail and Wholesale Division Sales $3.1 billion

THE LIMITED
LIMITED EXPRESS
VICTORIA'S SECRET
LERNER STORES CORPORATION
HENRI BENDEL
SIZES UNLIMITED
LANE BRYANT
BRYLANE, INC. (catalog)
MAST INDUSTRIES (mfg.)
and Limited Credit Corp., Limited Credit Funding (finance subsidiary)

R. H. MACY COMPANY, INC.

151 West 34th Street
New York, New York 10001
(212) 695-4400

1985 Retail Sales $4.5 billion (No 1986 data; now a private corporation)

BAMBERGER'S, Newark, New Jersey
R. H. MACY CORPORATE BUYING, New York, New York
MACY'S NEW YORK, INC., New York, New York
also division in Atlanta, Georgia, San Francisco, California, Store Planning & Design Division, credit divisions.

MAY DEPARTMENT STORES, INC.

611 Olive Street
St. Louis, Missouri 63101
(314) 342-6300

1986 Retail Sales $10.4 billion

ASSOCIATED DRY GOODS, New York, New York
M. O'NEIL COMPANY, Akron, Ohio
HECHT COMPANY, Baltimore, Maryland
THE MAY COMPANY, Cleveland, Ohio
G. FOX & COMPANY, Hartford, Connecticut
KAUFMAN'S, Pittsburgh, Pennsylvania
MEIER & FRANK COMPANY, Portland, Oregon
FAMOUS-BARR COMPANY, St. Louis, Missouri
plus four "sun belt divisions", VENTURE STORES,
MAY MERCHANDISING CO., MAY DESIGN & CONSTRUCTION CO.

NORDSTROM, INC.

1501 Fifth Avenue
Seattle, Washington 98101
(206) 628-2111

1986 Retail Sales $1.03 billion

NORDSTROM'S: Retail specialty stores in
Washington, Oregon, Arizona, California, Utah,
Montana, and leased shoe departments in Hawaii.

PHILLIPS-VAN HEUSEN

1290 Avenue of the Americas
New York, New York 10104
(212) 541-5200

1986 Consolidated Sales $550 million

RETAIL DIVISIONS:

KENNEDY'S, Massachusetts and Rhode Island
HAMBURGER'S, Maryland, Pennsylvania and Delaware
JUSTER'S, Minnesota
THE OUTLET STORES, East and Midwest

SAGE ALLEN & COMPANY, INC.

900 Main Street

Hartford, Connecticut 06103
(203) 278-2570

1986 Retail Sales $71.6 million

SAGE-ALLEN, specialty department stores in Connecticut

SOCA INDUSTRIES, INC.

16 Dan Road
Canton, Massachusetts 02021
(617) 821-1000

1986 Retail Sales $1.3 billion

THE DRY GOODS, seven department stores in Pennsylvania and Delaware and New Jersey. Other divisions retail footwear, discount family clothing and fabrics.

STRAWBRIDGE & CLOTHIER

801 Market Street
Philadelphia, Pennsylvania 19105
(215) 629-6000

1986 Retail Sales $689.6 million

STRAWBRIDGE & CLOTHIER department stores in Pennsylvania, Delaware and New Jersey. Discount CLOVER division in same markets.

U. S. SHOE CORPORATION

One Eastwood Drive
Cincinnati, Ohio 45227
(513) 527-7000

1986 Consolidated Sales $2.0 billion
Specialty Retail Division Sales $1.2 billion

CAREN CHARLES, Enfield, Connecticut, Women's specialty
AUGUST MAX, Rego Park, New York, Women's specialty
CASUAL CORNER, Enfield, Connecticut, Women's specialty
J. RIGGINGS, Atlanta based Men's specialty
T. H. MANDY, Merrifield, Virginia
PETITE SOPHISTICATE, Women's specialty
CAREER IMAGE, Women's specialty
WINTERBROOK, direct mail
and two popular price divisions.

Appendix II

A Selected Summary Directory of Winter Outerwear Retailers

in Metropolitan New York

ABRAHAM & STRAUSS
420 Fulton Street
New York, NY 11201
(718) 875-7200

Type of Business: Department Store
Number of Locations: 15

ALEXANDER'S
500 Seventh Avenue
New York, NY 10008
(212) 560-2121

Type of Business: Department Store
Number of Locations: 15

B. ALTMAN
Fifth Avenue & 34th Street
New York, NY 10016
(212) 679-7800

Type of Business: Department Store
Number of Locations: 7

AMERICAN EXPRESS MERCHANDISING SERVICES
American Express Tower
New York, NY 10285
(212) 640-3425

Mail Order
Type of Business: Men's/Women's
Number of Locations:

ASSOCIATED MERCHANDISING CORP.
1440 Broadway
New York, NY 10018
(212) 536-4000

Corporate Buying Office
Type of Business: Men's/Women's/Children's
Number of Locations:

FREDERICK ATKINS
1515 Broadway
New York, NY 10018
(212) 840-7000

Resident Buyer
Type of Business: Men's/Women's/Children's
Number of Locations:

MARTIN J. BAYER ASSOCIATES
171 W. 57th Street
New York, NY 10019
(212) 586-4766

Resident Buyer
Type of Business: Men's/Women's
Number of Locations:

JERRY BERNSTEIN, INC.
463 Seventh Avenue
New York, NY 10018
(212) 564-3230

Resident Buyer
Type of Business: Women's
Number of Locations:

BLOOMINGDALE'S
Lexington & 59th Street
New York, NY 10022
(212) 705-2000

Type of Business: Department Store
Number of Locations: 16

BONWIT TELLER
112 Avenue of the Americas
New York, NY 10036
(212) 764-2300

Type of Business: Specialty
Number of Locations: 15

JACK BRAUNSTEIN
225 West 34th Street
New York, NY 10122
(212) 244-7570

Resident Buyer
Type of Business: Women's
Number of Locations:

BROOKS BROS.
346 Madison Avenue
New York, NY 10017
(212) 682-8800

Men's/Women's/Specialty/Mail Order
Type of Business: Men's/Women's/Boys'
Number of Locations: 44

BURLINGTON COAT FACTORY
263 West 38th Street
New York, NY 10018
(212) 221-0010

Off Price
Type of Business: Men's/Women's
Number of Locations: 90

BURNS WINKLER ASSOCIATES
1372 Broadway
New York, NY 10018
(212) 764-0740

Resident Buyer
Type of Business: Women's
Number of Locations:

CARTER HAWLEY HALE MARKETING SERVICES
111 West 40th Street
New York, NY 10018
(212) 944-7430

Corporate Buying Office
Type of Business: Men's/Women's/Children's
Number of Locations:

CERTIFIED BUYING CORP.
119 West 40th Street
New York, NY 10018
(212) 921-1100

Resident Buyer
Type of Business: Women's
Number of Locations:

CLOTHIERS CORP.
1180 Avenue of the Americas
New York, NY 10036
(212) 719-2514

Resident Buyer
Type of Business: Men's/Boys'
Number of Locations:

COMMODITIES ASSISTANCE
131-02 40th Road
Flushing, NY 11354
(718) 939-8000

Resident Buyer (Closeouts Only)
Type of Business: Men's/Boys'
Number of Locations:

HENRY DONEGER ASSOCIATES, INC.
469 Seventh Avenue
New York, NY 10018
(212) 564-1266

Resident Buyer
Type of Business: Women's
Number of Locations:

EPSTEIN DEPT. STORES
32 Park Place
Morristown, NJ 07960
(201) 538-5000

Type of Business: Department
Number of Locations: 4

FAS MARKETING
(Fashion Stores Association)
47 West 34th Street
New York, New York 10001
(212) 564-9397
(212) 947-9794

Buying Co-op--Private Label Only
Type of Business: Women's
Number of Locations:

FASHION BUYING SERVICE
225 West 34th Street
New York, NY 10001
(212) 244-1360

Resident Buyer
Type of Business: Women's
Number of Locations:

FBS
108 West 39th Street
New York, NY 10018
(212) 730-2400

Mail Order
Type of Business: Women's
Number of Locations:

FASHION GUILD
47 West 34th Street

Resident Buyer
Type of Business: Women's

New York, NY 10001
(212) 564-9397

Number of Locations:

FEDERATED MERCHANDISING SERVICES
(Division of Federated Dept. Stores)
1440 Broadway
New York, New York 10018
(212) 840-1440

Corporate Buying Office
Type of Business: Men's/Women's/Children's
Number of Locations:

FREDERICK WHOLESALE
(Division of Frederick Atkins)
1515 Broadway
New York, New York 10036
(212) 840-7000

Type of Business: Men's/Women's/Children's
Number of Locations:

GOLDRING, INC.
460 West 34th Street
New York, NY 10001
(212) 239-1100

Corporate Buying Office
Type of Business: Men's/Women's
Number of Locations:

GREENMAN ASSOCIATES
225 West 34th Street
New York, NY 10122
(212) 564-0080

Wholesale/Retail
Type of Business: Whole/Retail Men's/Boy's
Number of Locations:

HAHNE & COMPANY
609 Broad Street
Newark, NJ 07102
(201) 623-4100

Type of Business: Department
Number of Locations: 8

HANOVER HOUSE INDUSTRIES
225 West 34th Street
New York, NY 10122
(212) 244-4555

Mail Order
Type of Business: Men's/Women's
Number of Locations:

HERMAN'S WORLD OF SPORTING GOODS
(W. R. Grace & Company)
2 Germack Drive
Carteret, NJ 07008
(201) 541-1550

Type of Business: Men's
Number of Locations:

STANLEY HELLER ASSOCIATES
405 East 54th Street
New York, NY 10022
(212) 371-2676

Resident Buyer
Type of Business: Men's
Number of Locations:

IMPERIAL BUYERS, LTD.
55 West 39th Street
New York, NY 10018
(212) 354-0820

Resident Buyer
Type of Business: Whole/Retail/Women's
Canadian
Number of Locations:

INDEPENDENT RETAILER'S SYNDICATE, INC.
33 West 34th Street
New York, NY 10001
(212) 564-4900

Resident Buyer
Type of Business: Men's/Women's/Children's
Number of Locations:

HOWARD KAPLAN BUYING GROUP
34 West 27th Street
New York, NY 10001
(212) 713-5372

Resident Buyer (Closeout's Only)
Type of Business: Men's/Boys'
Number of Locations:

KREISS & GORDON
1674 Broadway
New York, NY 100198
(212) 581-7713

Resident Buyer
Type of Business: Men's/Boys'
Number of Locations:

K.S.M.A. TRADING CO., INC.
(East Hampton Clothing Co.)
210 Meadowlands Parkway
Secaucus, NY 07094
(201) 348-0900

Type of Business: Men's
Number of Locations: 11

FELIX LILIENTHAL & COMPANY, INC.
417 Fifth Avenue
New York, NY 10016
(212) 889-9200

Resident Buyer
Type of Business: Men's
Number of Locations:

LOEHMANN'S, INC.
2500 Halsey Street
Bronx, NY 10461
(212) 409-2000

Type of Business: Women's
Number of Locations: 100

LORD & TAYLOR
424 Fifth Avenue
New York, NY 10018
(212) 391-3344

Type of Business: Department
Number of Locations: 45

R. H. MACY CORPORATE BUYING
11 Penn Plaza
New York, NY 1000118
(212) 613-1000

Corporate Buying Office
Type of Business: Men's/Women's/Boys'
Number of Locations:

MACY'S NEW JERSEY
131 Market Street
Newark, NJ 07102
(201) 565-1234

Type of Business: Department
Number of Locations: 23

MACY'S NEW YORK
151 West 34th Street
New York, NY 10001
(212) 695-4400

Type of Business: Department
Number of Locations: 20

THE MARKETING & MANAGEMENT RETAIL GROUP
44 West 56th Street
New York, NY 10019
(212) 581-0209

Resident Buyer
Type of Business: Men's
Number of Locations:

MAY MERCHANDISING CORP.
1120 Avenue of the Americas
New York, NY 10036
(212) 704-2600

Corporate Buying Office
Type of Business: Men's/Women's/Children's
Number of Locations:

MEN'S FASHION GUILD, INC.
47 West 34th Street

Resident Buyer
Type of Business: Men's

New York, NY 10001
(212) 564-9397

Number of Locations:

MONTALDO'S
1450 Broadway
New York, NY 10018
(212) 840-1616

Type of Business: Women's
Number of Locations: 12

MONTGOMERY WARD
11 Penn Plaza
New York, NY 10001
(212) 971-1000

Type of Business: Men's/Women's/Children's
Number of Locations: 292

NAVY RESALE SYSTEMS SUPPORT OFFICE
Fort Wadsworth
Staten Island, NY 10305
(718) 390-3700

Resident Buyer
Type of Business: Men's/Women's/Children's
Number of Locations:

J. C. PENNY
1301 Avenue of the Americas
New York, NY 10019
(212) 957-4321

Type of Business: Men's/Women's/Children's
Number of Locations: 1,979

PLYMOUTH SHOPS
135 Kero Road
Carlstadt, NY 07072
(201) 935-6969

Type of Business: Women's
Number of Locations: 50

POPULAR CLUB PLAN
22 Lincoln Place
Garfield, NJ 07026
(201) 471-4300

Mail Order
Type of Business: Men's/Women's/Boys'
Number of Locations:

ROMANO CLOTHIERS
604 Fifth Avenue
New York, NY 10020
(212) 265-4400

Resident Buyer
Type of Business: Men's/Boys'
Number of Locations:

SAKS FIFTH AVENUE
611 Fifth Avenue
New York, NY 10022
(212) 753-4000

Type of Business: Men's/Women's/Children's
Number of Locations: 43

SPURGEON MERCANTILE COMPANY
1359 Broadway
New York, NY 10018
(212) 244-4925

Type of Business: Department
Number of Locations: 83

STERNS
Bergen Mall
Paramus, NJ 07652
(201) 845-8400

Type of Business: Department
Number of Locations: 24

PAUL STUART
Madison Avenue at 45th Street
New York, NY 10017
(212) 682-0320

Specialty/Mail Order
Type of Business: Men's/Women's
Number of Locations:

VAN-BUREN/CARR ASSOCIATES
500 Seventh Avenue
New York, NY 10018
(212) 944-0810

Type of Business: Women's/Children's
Number of Locations:

Merger of Van Buren-Neiman and Carr Associates effective February 1, 1987, 300 ± accounts.

VIRGINIA SPECIALTY STORES
989 Avenue of the Americas
New York, NY 10018
(212) 279-7676

Specialty
Type of Business: Women's
Number of Locations: 165

WORTH'S STORES CORP.
1412 Broadway
New York, NY 10018
(212) 719-3360

Type of Business: Women's
Number of Locations:

YOUNG INNOVATORS, INC.
1372 Broadway
New York, NY 10018
(212) 221-7840

Resident Buyer
Type of Business: Men's/Women's
Number of Locations:

Appendix III

A Selected Summary Directory of Winter Outerwear Retailers

With Retail Sales in the $10 to $50 Million Range

Selected Winter Outerwear Retailers By Volume	**Apparel Coverage**	**City**
[1]The Dress Barn	(Women's Specialty)	Stamford, CT
Carol Wright Gifts	(Mail Order)	Stamford, CT
Worth's	(General Clothing)	Waterbury, CT
Aspen Leaf, Inc.	(General Clothing)	Aurora, CO
Germer's of America, Inc.	(General Clothing)	Colorado Springs, CO
[1]A. G. Eaker Co.	(Department)	Denver, CO
[1]May D & F	(Department)	Denver, CO
Miller Stockman	(Mail Order & Western)	Denver, CO
Perkins-Shearer, Inc.	(General Clothing)	Denver, CO
Idaho Dept. Stores Co.	(Department)	Caldwell, ID
Mercantile Stores	(Department)	Boise, ID
Paddors, Inc.	(Specialty)	Bridgeview, IL
Mark Shale	(General Clothing)	Burr Ridge, IL
Fashion Outlet, Inc.	(Men's & Women's)	Champaign, IL
Baskin Clothing Co.	(General Clothing)	Chicago, IL
Bigsby & Kruthers, Inc.	(Men's & Women's)	Chicago, IL
Evans, Inc.	(Specialty)	Chicago, IL
Karoll's Mens Fashions	(Men's & Women's)	Chicago, IL
Bachrach Clothing	(Men's and Women's and Mail Order)	Decatur, IL
Aparacor, Inc.	(Mail Order and Direct Sales)	Evanston, IL
Army & Air Force Exchange Services	(Department)	Charlestown, IN
DeJong's Inc.	(Specialty)	Evansville, IN
Rosalee Stores, Inc.	(Specialty)	Hammond, IN
[1]The William H. Block Co.	(Department)	Indianapolis, IN
Ball Stores, Inc.	(Department)	Muncie, IN
Gay Time Fashion, Inc.	(Specialty)	New Albany, IN
Meis of Illiana, Inc.	(Department and	

	Specialty)	Terre Haute, IN
Armstrong's	(Department)	Cedar Rapids, IA
Seiferts	(Specialty)	Cedar Rapids, IA
Petersen-Harned-Von Maur	(Department)	Davenport, IA
[1]L. L. Bean, Inc.	(Sporting Goods and Mail Order)	Freeport, ME
Levinsky's, Inc.	(Men's & Women's)	Portland, ME
Porteous, Mitchess & Braun Co.	(Department)	Portland, ME
Webster Men's Wear	(Men's & Women's)	Baltimore, MD
Hess Apparel	(Specialty)	Salisbury, MD
[1]Winkelman Stores, Inc.	(Specialty)	Detroit, MI
[1]Gantos, Inc.	(Specialty)	Grand Rapids, MI
Herpolsheimer's-Fields	(Department)	Grand Rapids, MI
Paul Stekette & Sons Co.	(Department)	Grand Rapids, MI
Tansy	(General Clothing)	Grand Rapids, MI
Gilmore's	(Department)	Kalamazoo, MI
Libin's	(Men's & Women's)	Kalamazoo, MI
Redwood & Ross	(Men's & Women's)	Kalamazoo, MI
Hadley Arden, Inc.	(Specialty)	Livonia, MI
Anton's Inc.	(Men's & Women's)	Mt. Clemens, MI
Dancer's Fashions, Inc.	(Department)	Mason, MI
Alvin's Inc.	(Specialty)	Pontiac, MI
Osmun's/John Kent Stores	(Men's & Women's)	Pontiac, MI
Seitner's	(Department)	Saginaw, MI
V.S.C.	(Jr. Department #450)	Clara City, MN
Cedric's Enterprises, Inc.	(General Clothing)	Edina, MN
Brett's Dept. Stores	(Department)	Mankato, MN
Braun's Fashions Inc.	(Specialty)	Minneapolis, MN
Justers, Inc.	(General Clothing)	Minneapolis, MN
Lancer Stores, Inc.	(General Clothing)	Minneapolis, MN
Liemandt's Inc.	(Men's & Women's)	Minneapolis, MN
[1]Midwest Stores	(Dry Goods)	Minneapolis, MN
Hauglands For the Young	(Kids Store)	Minneapolis, MN
Gokeys	(General Clothing)	St. Paul, MN
Ehlers Retail Services	(General Clothing)	Redwood Falls, MN
The Foursome	(General Clothing)	Wayzata, MN
Hart Albin Co.	(Department)	Billings, MT

Jenss Dept. Stores	(Department)	Amherst, NY
Adam, Meldrum & Anderson	(General Clothing)	Buffalo, NY
L. L. Berger, Inc.	(Specialty)	Buffalo, NY
The Kleinhans Co., Inc.	(Men's & Women's)	Buffalo, NY
The Sample Inc.	(General Clothing)	Buffalo, NY
Cohoes Speciality Stores, Ltd.	(General Clothing)	Cohoes, NY
S. F. Iszard Co., Inc.	(Department)	Elmira, NY
Interstate Dept. Stores	(Department)	Latham, NY
Swezey & Newins, Inc.	(Department)	Patchogue, NY
B. Foreman & Co.	(Department)	Rochester, NY
[1]McCurdy & Co., Inc.	(Department)	Rochester, NY
The Carl Co.	(Department)	Schenectady, NY
The Addis Co.	(General Clothing)	Syracuse, NY
Chappell's	(Department)	Syracuse, NY
Dey's	(Department)	Syracuse, NY
[1]M. O'Neil Co.	(Department)	Akron, OH
Carlioles	(Department)	Astabula, OH
Fred W. Uhlman & Co.	(Department)	Bowling Green, OH
Diamonds Mens Shops	(Men's & Women's)	Cleveland, OH
Madison's	(Specialty)	Columbus, OH
Youthland, Inc.	(Kids Store)	Columbus, OH
Harrys Clothing	(Men's & Women's)	Maumee, OH
The Lion Stores	(Department)	Toledo, OH
[1]Emporium, Inc.	(Department)	Eugene, OR
[1]Nordstrom	(Department)	Portland, OR
Norm Thompson	(General Clothing)	Portland, OR
H. Leh & Co.	(Department)	Allentown, PA
Junior Colony, Inc.	(Specialty)	Allentown, PA
[1]Fashion Bug	(Specialty)	Bensalem, PA
The Hub	(Men's & Women's Mail Order)	Conshohocken, PA
Pomeroy's, Inc.	(Department)	Harrisburg, PA
Watt & Shand	(Department)	Lancaster, PA
Kleins Fashions, Inc.	(Specialty)	Monroeville, PA
Harts	(Men's & Women's)	New Kinsington, PA
Boyd's	(Men's Specialty)	Philadelphia, PA
Cameo/Village Fashions	(Specialty)	Philadelphia, PA

Nan Duskin, Inc.	(Specialty)	Philadelphia, PA
D & N Smith	(Men's & Women's)	Pittsburgh, PA
Hess Apparel	(Specialty)	Salisbury, PA
Anders Clothes	(Men's & Women's)	York, PA
S. Grumbacher	(Specialty)	York, PA
Naval Exchange Support Center	(Men's & Women's)	Davisville, RI
Peerless Co.	(General Clothing)	Pawtucket, RI
Castleton's Inc.	(General Clothing)	Salt Lake City, UT
[1]Nordstrom of Salt Lake City	(Department)	Salt Lake City, UT
Sunset & Wolfe	(Sporting Goods)	Salt Lake City, UT
Magram's	(General Clothing)	Burlington, VT
Jay Jacobs, Inc.	(Specialty)	Seattle, WA
Place Two	(General Clothing)	Seattle, WA
[1]The Cresecent	(Department)	Spokane, WA
Charles S. Berg	(Specialty)	Woodinville, WA
[1]ID Boutique	(Specialty)	Green Bay, WI
[1]T. A. Chapman	(General Clothing)	Milwaukee, WI

[1]Other industry sources indicate that these retailers may have understated their retail sales volume and are actually doing more than $50 million but that information cannot be readily verified.

[2]For ease in locating a certain state, this summary is organized alphabetically by state; alphabetical within state.

Appendix IV

Canadian Federal and Provincial Government Programs

For Export Development[1]

FEDERAL:
ACTIVITIES SUPPORTED

1. Program for Export Market Development (PEMD)	CONTACT
- Trade Missions to promote the sale of Canadian goods and services abroad and to gather market intelligence.	Department of External Affairs
- Participation in trade fairs outside Canada which are either Government or industry initiated.	or
- Visits of foreign buyers to Canadian trade shows or other approved locations	Department of Regional Industrial Expansion Regional Offices
- Visits outside Canada to identify markets	(See listings of addresses in Appendix II and III)
- Project bidding	
- Establishment of export consortia	
2. New Exporters to Border States (NEBS) Program: Two day program to a U.S. border acquaints manufacturers with the exporting process, and can include tours to local trade shows, briefings by United States Customs officials, a U.S. manufacturers representative, visits to local Chambers of Commerce, a bonded warehouse; and marketing presentations by trade officials from the Provincial and Federal Governments on support programs and the realities of the United States marketplace.	Department of External Affairs (See listing of addresses in Appendix II)
3. Insurance against non-payment of a short term credit from a transaction with a United States buyer due to: o insolvency of buyer, o default of a buyer, o termination of a contract by a buyer.	Export Development Corporation P.O. Box 655 Ottawa, Ontario K1P 5T9 (613) 598-2500

[1]Prepared by the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada.

Appendix IV (Continued)

Canadian Federal and Provincial Government Programs

For Export Development[1]

ONTARIO:
ACTIVITIES SUPPORTED — **CONTACT**

ACTIVITIES SUPPORTED	CONTACT
Loans for financing foreign receivables. Incoming buyers to visit Ontario firms, and/or Ontario trade shows.	Ontario Development Corporation 56 Wellesley Street, West Queens Park Toronto, Ontario M7A 2E7 (416) 965-4622
Participation in major international trade shows. Trade Missions. Formation of Export Consortia.	Ministry of Industry, Trade and Technology 5th Floor, Hearst Block 900 Bay Street Queens Park Toronto, Ontario H7A 3E1 (416) 965-5399

QUEBEC:
ACTIVITIES SUPPORTED

Participation in trade fairs.

Identification of markets offering good export potential.

Development of marketing strategies:

Phase I
- o Preparation of market studies;
- o Development of a marketing strategy.

Phase II
- o Implementation of a marketing strategy;
- o Development of promotional books, e.g., catalogues, technical information, audio visual material, advertisements, etc.;
- o Establishment of export services;
- o Organization of a distribution network.

Contact:
Ministere du Commerce exterieur
770 rue Sherbrooke Quest
Place Mercantile 7e etage
Montreal, Quebec H3A 1G1
(514) 873-7266

Appendix V

Department of External Affairs

Government of Canada Trade Offices in the

Canadian Target Market in the United States[1]

ATLANTA, GEORGIA
Canadian Consulate General
400 South Tower
One CNN Center
Atlanta, Georgia
Tel.: (404) 577-6810
Telex: 0542676
(DOMCAN ATL)
Contact: Ms. Doris McConnell

BOSTON, MASSACHUSETTS
Canadian Consulate General
Three Copley Place, Suite 400
Boston, Massachusetts
Tel: (617) 262-3760
Telex: 940625
(DOMCAN BSN)
Contact: Ms. Martha Lanning

BUFFALO, NEW YORK
Canadian Consulate
One Marine Midland Center, Suite 3550
Buffalo, New York 14203-1884
Tel.: (716) 852-1247
Telex: 0091329
(DOMCAN BUF)
Contact: Ms. Marsha Grove

CHICAGO, ILLINOIS
Canadian Consulate General
310 South Michigan Avenue, 12th Floor
Chicago, Illinois 60604-4295
Tel.: (312) 427-1031
Night Line: (312) 427-1035
Telex: 00254171
(DOMCAN CGO)
Contact: Ms. Karen Willhite

Appendix V (Continued)

Department of External Affairs

Government of Canada Trade Offices in the

Canadian Target Market in the United States[1]

CLEVELAND, OHIO
Canadian Consulate
Illuminating Building, Suite 1008
55 Public Square
Cleveland, Ohio 44113-1983
Tel.: (216) 771-0150
Telex: 00985364
(DOMCAN CLV)

DALLAS, TEXAS
Canadian Consulate General
750 N. St. Paul Street, Suite 1700
St. Paul Place
Dallas, Texas 75201-9990
Tel.: (214) 922-9806
Telex: 00732637
(DOMCAN DAL)
Contact: Mr. Doug Bieber

DETROIT, MICHIGAN
Canadian Consulate Gentral
600 Renaissance Center
Suite 1100
Detroit, Michigan 48243-1704
Tel.: (313) 567-2340
Telex: 230715
(DOMCAN DET)
Contact: Mr. Ron Mikulak

LOS ANGELES, CALIFORNIA
Canadian Consulate General
300 South Grand Avenue, 10th Floor
California Plaza
Los Angeles, California 90071
Tel: (213) 687-7432
Telex: 00674119
(DOMCAN LSA)
Contact: Mr. Carl Light

Appendix V (Continued)

Department of External Affairs

Government of Canada Trade Offices in the

Canadian Target Market in the United States[1]

MINNEAPOLIS, MINNESOTA
Canadian Consulate General
701 Fourth Avenue South
Minneapolis, Minnesota 55415-1078
Tel.: (612) 333-4641
Telex: 290229
(DOMCAN MPS)
Contact: Ms. Dana Boyle

NEW YORK, NEW YORK
Canadian Consulate General
1251 Avenue of the Americas
New York, New York 10020-1175
Tel.: (212) 586-2400
Night Line: (212) 586-2406
Telex: 00126242
(DOMCAN NYK)
Contact: Ms. Lillian Brittain/Ms. Mary Allen

SAN FRANCISCO, CALIFORNIA
Canadian Consulate General
One Maritime Plaza
Alcoa Building, Suite 1100
Golden Gateway Center
San Francisco, California 94111-3468
Tel.: (415) 981-2670
Telex: 0034321
(DOMCAN SFO)
Contact: Ms. Arlene Holden

SEATTLE, WASHINGTON
Canadian Consulate General
412 Plaza 600
Sixth and Stewart
Seattle, Washington 98101-1286
Tel.: (206) 443-1777
Telex: 0328762
(DOMCAN SEA)
Contact: Ms. Jane Hardessen

Appendix V (Continued)

Department of External Affairs

Government of Canada Trade Offices in the

Canadian Target Market in the United States[1]

WASHINGTON, DC
Canadian Embassy
Trade Promotion and Market
Access Section
2450 Massachusetts Avenue, N.W.
Washington, DC 20008-2881
Tel.: (202) 483-5505
Telex: 0089664
(DOMCAN A WSH)

Appendix VI

Government of Canada[1,2]

DEPARTMENT OF EXTERNAL AFFAIRS

U.S. Trade and Tourism
Development Division
Department of External Affairs
125 Sussex Drive
Ottawa, Ontario K1A 0G2
(613) 991-9482

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

Department of Regional Industrial Expansion
Services Industries and Consumer Products
235 Queen Street
Ottawa, Ontario K1A OH5
(613)954-2888

DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

REGIONAL OFFICES

ALBERTA

Trade Director
Department of Regional Industrial Expansion
Cornerpoint Building, Suite 505
10179-105th Street
Edmonton, Alberta T5J 3S3
(403)420-2944

BRITISH COLUMBIA

Trade Director
Department of Regional Industrial Expansion
Bentall Centre - Tower IV
1055 Dunsmuir Street, Suite 1101
P.O. Box 49178
Vancouver, British Columbia V7X 1K8
(604)661-2265

QUEBEC

Trade Director
Department of Regional Industrial Expansion
800 Victoria Place
P.O. Box 247
Montreal, Quebec H4Z 1E8
(514)283-8185

MANITOBA

Trade Director
Department of Regional Industrial Expansion
P.O. Box 981
Winnipeg, Manitoba R3C 2V2
(204)949-4540

ONTARIO

Trade Director
Department of Regional Industrial Expansion
1 First Canadian Place, Suite 4840
P.O. Box 98
Toronto, Ontario M5X 1B1
(416)365-3737

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[1] Offices with significant winter outerwear industry representation.

[2] Prepared by the Departments of Regional Industrial Expansion (DRIE) and External Affairs, Government of Canada.