

FOR IMMEDIATE RELEASE

**Target Poised to Take Significant Market Share from Canadian Retailers, According to SATOV Study**

- *57 per cent of current Wal-Mart customers report willingness to shop less in favour of Target; More than half of Canadians looking forward to Target’s arrival* -

**TORONTO, July 6, 2011** – Target’s arrival on Canadian soil has the potential for dramatic implications for current retailers, especially Wal-Mart, as Canadians plan to alter their shopping habits to visit the impending retailer, according to a study released today by SATOV Consultants. Wal-Mart shoppers showed the least loyalty, with 57 per cent of current shoppers indicating they will shop less frequently in favour of Target stores. In addition, customers of The Bay and Sears indicated a willingness to shift trips in favour of Target at a rate of 37 per cent and 41 per cent, respectively.

While Canadians are well aware of many of Target’s current product offerings (with 92 per cent indicating awareness of Target’s apparel products), most consumers aren’t aware of all the segments Target serves. Most notably, less than half of Canadians (44 per cent) are aware that Target offers pharmacy services – a service the retail giant has hinted at providing in the Canadian market. According to the study, Canadians are looking for more variety in men’s, women’s and children’s apparel, especially in the ‘cheap chic’ category, which is the focus of Target’s product offerings.

“Target’s biggest challenge in entering the Canadian market will be to differentiate itself from Wal-Mart by demonstrating its unique value proposition, which values shopping experience and quality over rock-bottom pricing,” says Mark Satov, President and Founder of SATOV Consultants. “Target can’t win a pricing war against Wal-Mart. Capitalizing on Canadians’ curiosity, it’s important for Target to change consumers’ brand perceptions to fit its affordable quality platform.”

While most retailers are expected to experience a decrease in traffic upon Target’s arrival, some appear more resilient than others. The study reveals that Canadian Tire, Shopper’s Drug Mart and Costco have the most loyal customers amongst mass retailers, with only 19 per cent of current Canadian Tire and Shopper’s customers, and 16 per cent of Costco customers planning to become less frequent shoppers in favour of Target.

“Canadians’ overall willingness to shift trips from current retailers is a significant market indicator, but it’s important to note there are more factors involved in the market dynamics. Many aspects of Target’s arrival are still unknown, such as the format stores will take given the smaller size of Zellers’ current locations and how that will affect the product offering,” Satov adds. “For current retailers, location overlap will be a strong predictor of loss of trips, in addition to the attitudes displayed in the study. When location and product overlap are considered, there are more retailers, such as Canadian Tire, that should be concerned about loss of market share.”

Target’s move into Canadian operations signifies a larger shift in the Canadian retail landscape. As the country continues to emerge from the recession, some Canadian companies are reinventing their offerings to better serve the current market. With Zellers set to disappear from the retail mix and The Bay moving into higher-end brands, all eyes are on Sears due to its aging customer demographic, recent investments in strategic consultants, and most importantly, valuable string of retail properties across the country.

Another major hurdle for Target’s Canadian integration is the volume of ethnic populations. With 22 per cent foreign-born population as opposed to 12 per cent in the U.S., Target will need to cater communications to specific ethnic markets. The Canadian ethnic mix varies greatly as well. The American foreign-born population is comprised largely of Mexican-born citizens (at 30 per cent of the ethnic mix), while in Canada there are large communities of immigrants from China (15 per cent) and India (10 per cent) among others.

“In Canada, Target won’t have the luxury of simply translating communications materials to Spanish,” Satov notes. “With Zellers locations currently serving a number of ethnic communities, Target will need to focus on how the different ethnic groups react to the brand while investing in communicating with them effectively.”

**About SATOV**

SATOV is a midsized and growing management consulting firm. The firm is rooted in applying the core strategy analytical methodologies to midmarket firms with a hands-on, operational style and an implementation based approach. SATOV’s differentiation lies in its ability to bring together a client’s corporate strategy, customer strategy and operations strategy, which is critical for midmarket firms who need to purchase integrated and affordable strategy advice. The firm has deep implementation capabilities from both a program and people management perspective to ensure the strategy is successfully implemented.