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Strathcona Retail Market Research



MUSTEL GROUP
MARKET RESEARCH



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➤ Executive Overview

Introduction

- Market research has been conducted to provide input to a strategic retail plan being developed for Strathcona County by Thomas Consultants. The research is designed to better understand the extent and type of retail leakage being experienced and what stores and services residents believe are needed in their community.
- A random telephone survey was completed with 500 Strathcona County residents aged 18 or over.

Key Findings

- The vast majority of Strathcona County residents shop outside of the county on at least a monthly basis, reaching a level of over 8-in-10 residents.
- Weekly or more frequent trips for shopping purposes to destinations outside of the county are made by about 4-in-10 residents in total.
- Sherwood Park residents are somewhat more likely than those in other parts of Strathcona County to make such trips on at least a weekly basis.

- Most out-of-county shoppers go into Edmonton for these trips and visit a broad array of destinations, including malls and shopping areas.
- The most popular destinations are South Edmonton Common and then Southgate Mall (34% and 28%, respectively). Other destinations capturing in the range of 10-20% of shoppers include West Edmonton Mall, Kingsway Mall and Southside.
- Better variety and selection of stores is the primary reason for leaving Strathcona County to shop.
- Convenience of location is another reason, noted more so by those outside of Sherwood Park.
- The most commonly made purchases are household furnishings/accessories, adult clothing and home electronics.



➤ Executive Overview (cont'd)

- In terms of retail expenditures, on average, residents report that about 35% of their total retail spend is made outside the county, increasing to 47% among the heaviest shoppers (shop weekly or more often outside Strathcona County).
- When asked, over three-quarters of residents make suggestions of stores that are needed in the community, indicating broad interest in expanded local retail services.
- Clothing stores in general are among the most mentioned retail gap to be filled (noted by 28% of residents).
- Large format stores including department stores and big box retailers are also desired (suggested by 23% and 21%, respectively).



➤ Foreword

Research Objectives

- Strathcona County is developing a strategic retail plan with guidance from retail experts at Thomas Consultants. To inform the planning, market research has been conducted among Strathcona residents.
- The primary objective of this research is to understand retail leakage in terms of:
 - Frequency of shopping outside of the county,
 - Specific destinations visited,
 - Types of merchandise/services sought,
 - Reasons for shopping elsewhere and
 - Approximate amount of expenditure made outside of the county.
- Furthermore, the research is designed to identify the types of stores and services that consumers consider to be lacking in Strathcona County and the proportion of residents potentially interested in patronizing such new or expanded local retail services.

Methodology

- Random telephone interviewing was conducted among Strathcona County residents.
- Target: Residents 18 years of age and over.
- Sample: 300 interviews in total, proportionate to population on the basis of geography as follows:
 - 377 in Sherwood Park
 - 123 in the balance of Strathcona County.
- Specific steps taken to insure sample representative of market including:
 - Random selection of households contacted from up-to-date telephone listings of households in area;
 - Random selection of the adult within the household to be interviewed (if more than one);
 - Up to 6 calls to selected household/individual to minimize potential bias due to non-response;
 - Matching sample to the most recent Canada Census data on basis of age within gender and survey area.
- Margin of error: +/- 4.4 percentage points at 95% level of confidence for sample in total
- Data collection dates: October 12-20, 2010
- Questionnaire appended

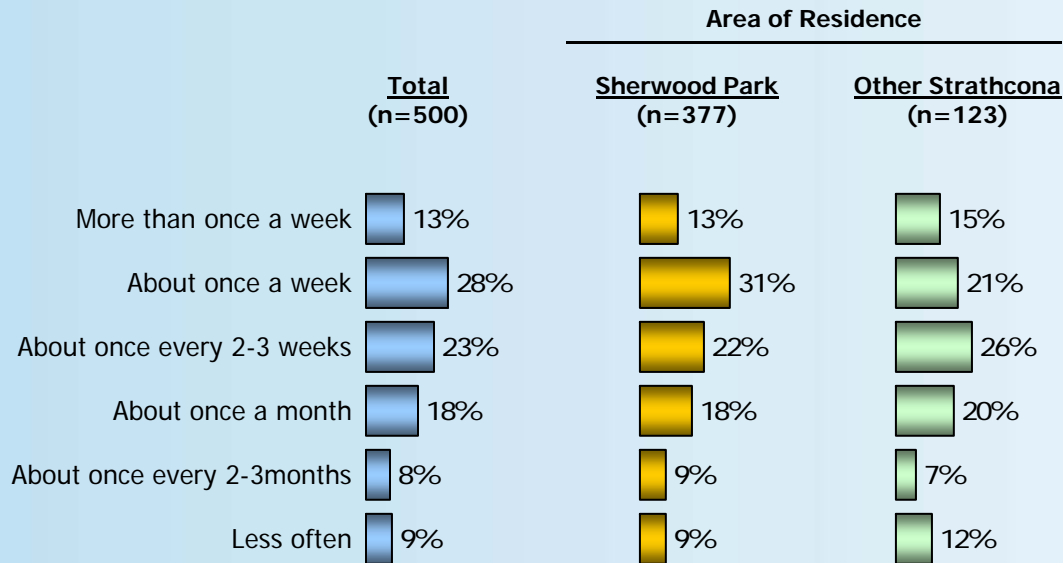


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Key Findings



➤ Frequency of Shopping Outside Strathcona County

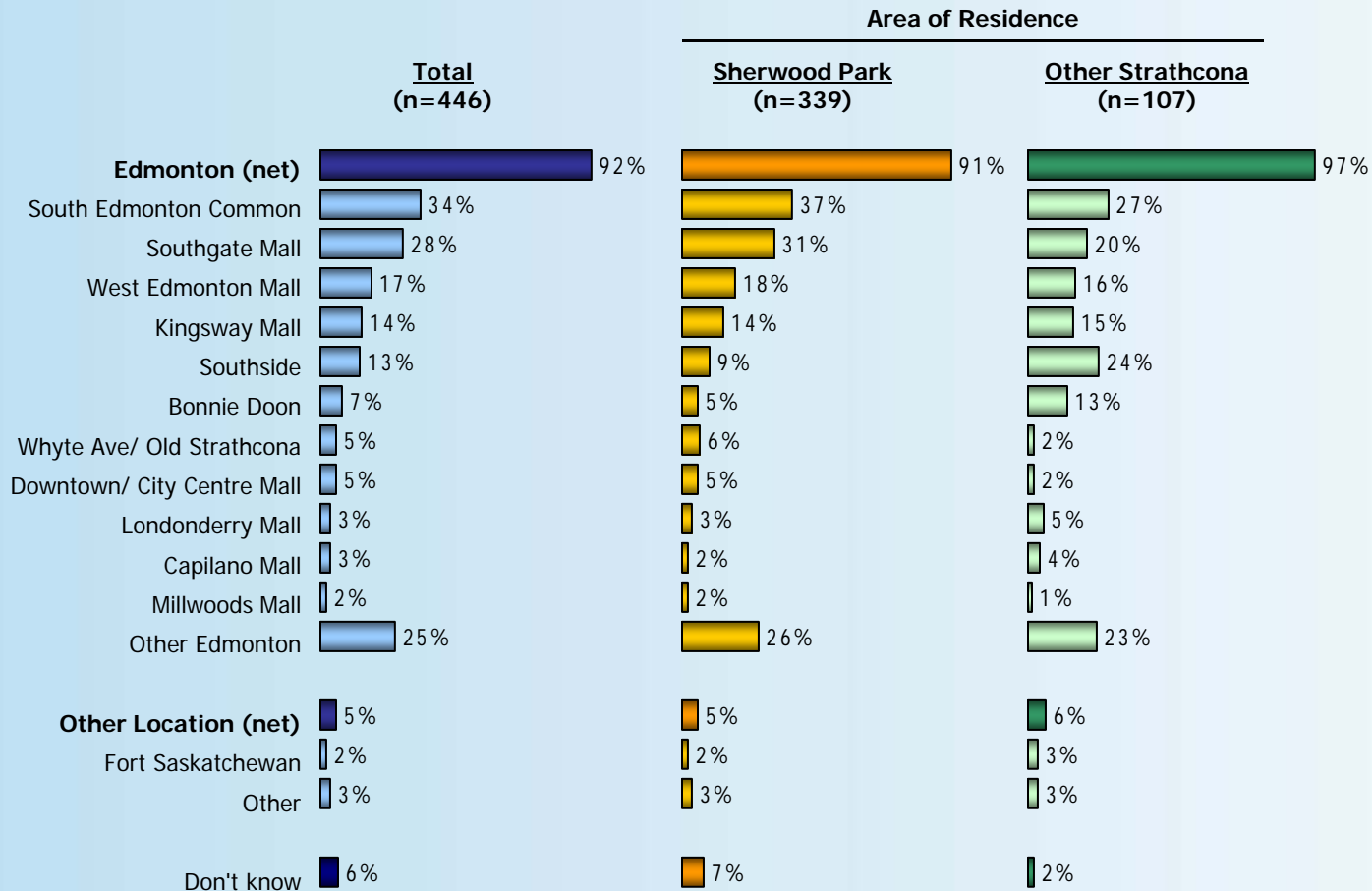


Q.1) How often, if at all, do you travel outside of Sherwood Park or Strathcona County for shopping purposes?

- About 4-in-10 residents leave Strathcona County at least on a weekly basis for the purpose of shopping.
- The proportion doubles on a monthly basis to over 8-in-10.
- While the overall pattern is quite similar in both areas, those in Sherwood Park are more likely to shop elsewhere at least weekly (44% vs.36%).
- Young adults under 35 years of age are more likely than others to shop outside the county “about once a week” (41%). Frequency is lower among residents aged 55 or over (36% weekly and 75% monthly).
- Among employed residents, out-of-county shopping is consistent whether they work in Edmonton (the most common worksite location) or within the County.



➤ Shopping Destinations Outside Strathcona County



- Edmonton is where most residents go for these out-of county shopping trips with a multitude of malls and other destinations drawing shoppers.

... continued

Base: Total travel outside of Strathcona County for shopping purposes at least once every 3 months

Q.2) Where do you tend to shop outside Strathcona County?



➤ Shopping Destinations Outside Strathcona County (cont'd)

- The most popular destinations overall are:

- South Edmonton Common (34%) and Southgate Mall (28%),

followed by:

- West Edmonton Mall (17%)
- Kingsway Mall (14%) and
- Southside (13%) — which for those outside of Sherwood Park is a top destination rivaling South Edmonton Common.

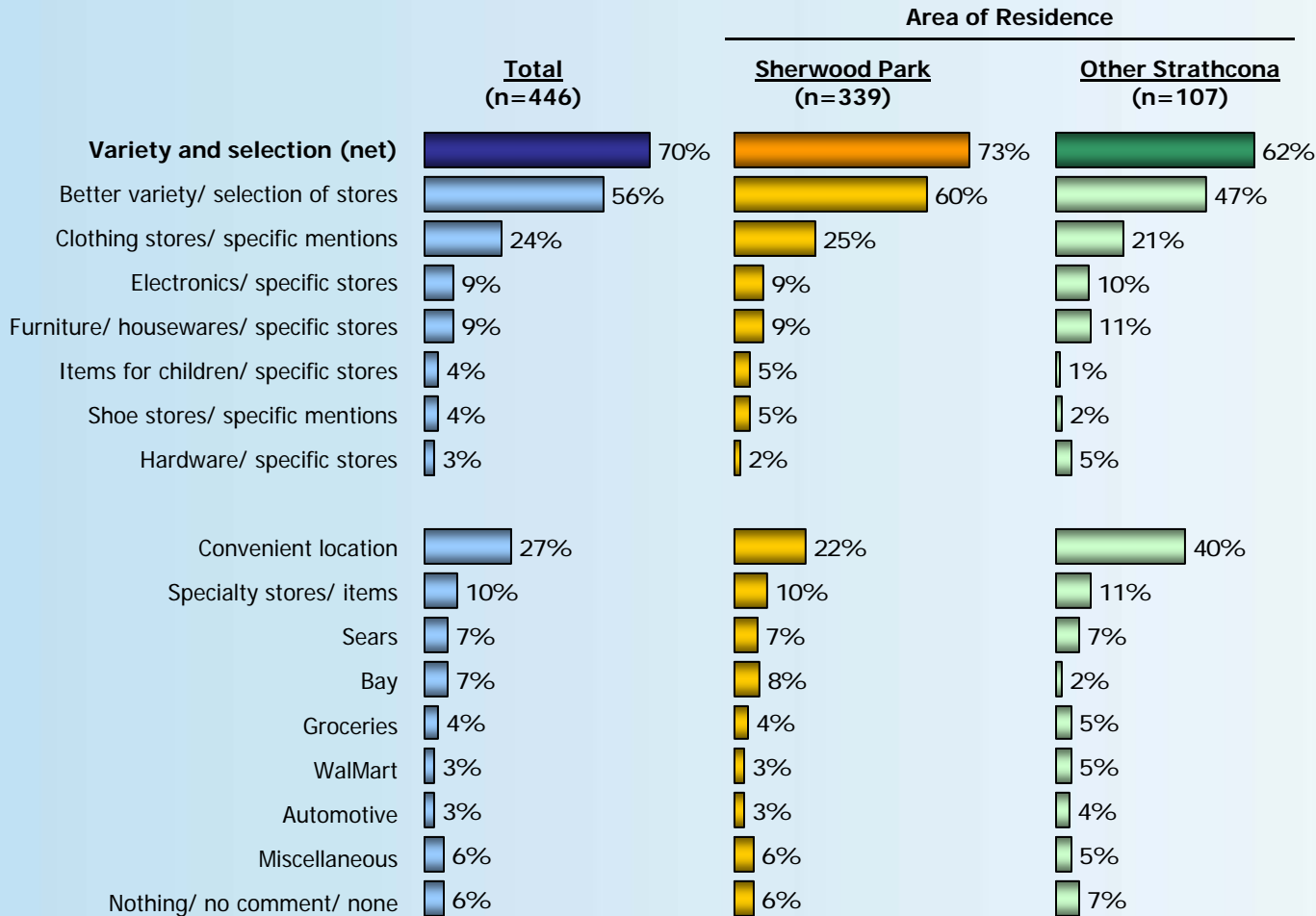
- South Edmonton Common is the most popular locale for:

- Families with children under 18 (48%),
- Young adults under 35 years (43%),
- The middle-aged 35-54 year group (36%),
- Those who work in Edmonton (42%).

- The top destination for older residents aged 55+ is Southgate Mall (35%).



Reasons for Shopping at These Malls/ Areas



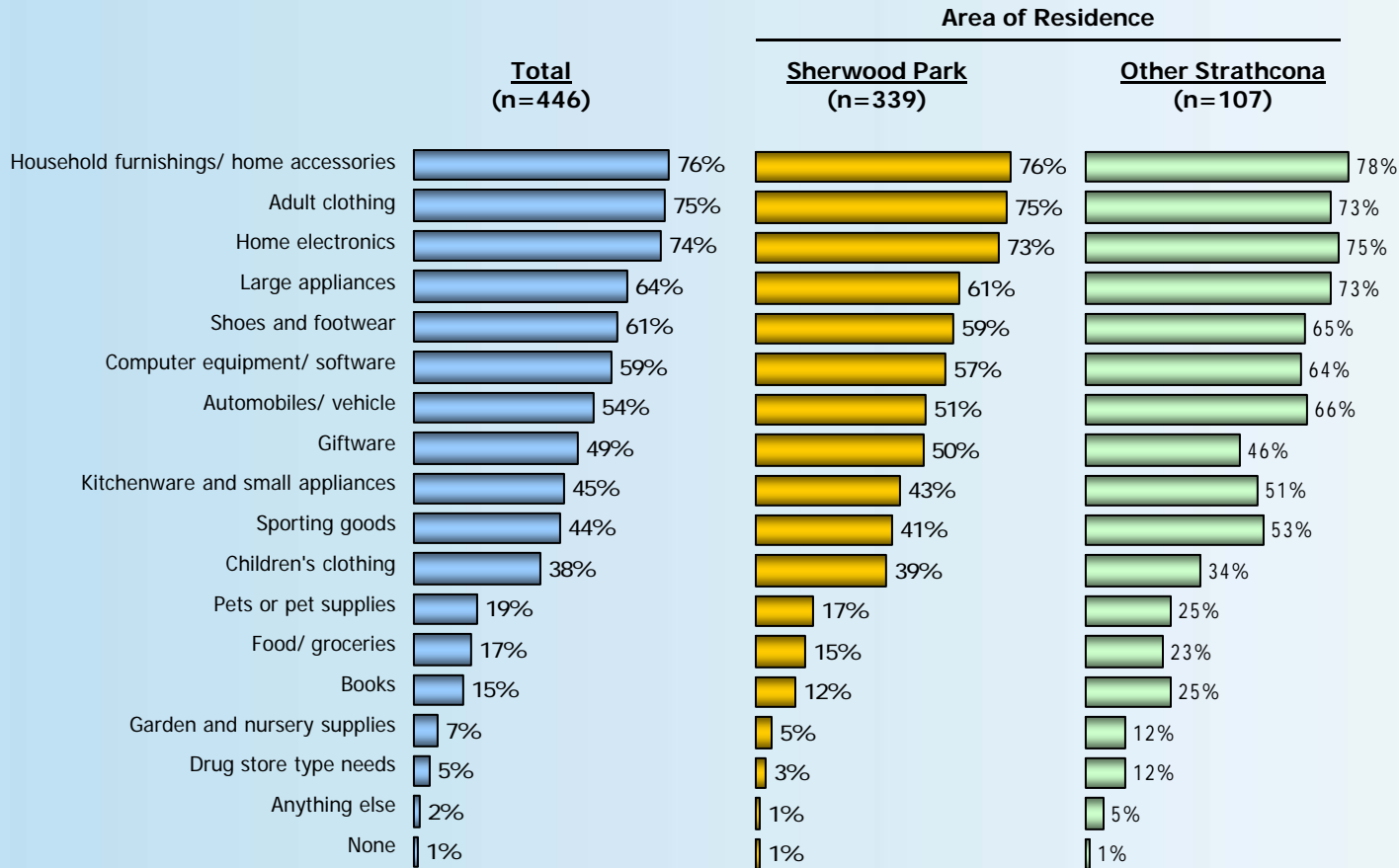
- The biggest attraction to shopping outside the County is better variety and selection of stores in general and more specifically, clothing stores more than other retailers.
- Clothing selection and variety is sought more by the younger segment (37%)
- Convenience of location is another reason cited, especially by residents outside of Sherwood Park (40%), those who work in Edmonton (36%) and those who shop outside the county weekly or more (37%).

Base: Total travel outside of Strathcona County for shopping purposes at least once every 3 months

Q.3) Why do you shop at these malls or areas? Any other reason?



➤ Products Purchase Outside Strathcona



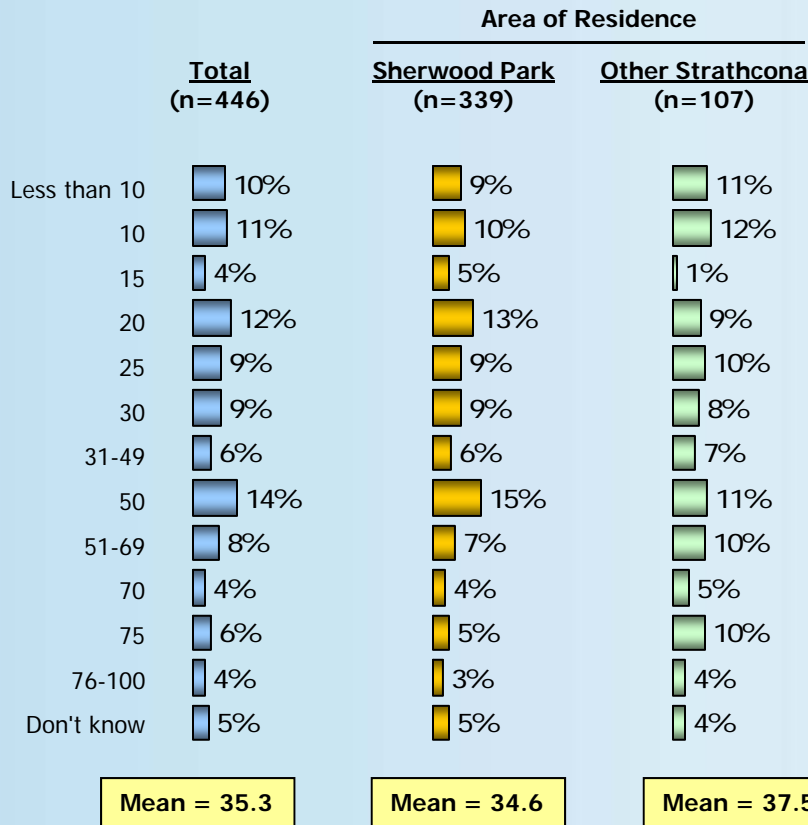
Base: Total travel outside of Strathcona County for shopping purposes at least once every 3 months

Q.4) Which, if any, of the following types of products do you tend to purchase outside Strathcona County?

- The merchandise most commonly purchased outside of Strathcona County includes:
 - Household furnishings and accessories,
 - Adult clothing and
 - Home electronics.
- But, a majority also tend to purchase:
 - Large appliances,
 - Shoes and footwear and
 - Computer equipment/ software and
 - Automobiles
- Other items sought include: giftware, kitchenware/small appliances, sporting goods and children's clothing.



Percentage of Retail Expenditures Outside Strathcona



- On average, about 35 percent of retail expenditures made by residents are estimated to flow out of Strathcona County.
- The perceived percent leakage is similar for both geographic areas (35% for Sherwood Park and 38% for other Strathcona).
- Middle-aged and younger residents estimate somewhat higher leakage (36-39% vs. 30% for residents aged 55+), as do those in higher income households (40% vs. 29% for under \$100k income).
- The more frequent 'out-of-county shopper' estimates a significantly higher percentage spend leaving Strathcona.

	% of spend
Heavy (at least weekly):	47%
Medium (1-3 times/month):	27%
Light (less than monthly):	18%

Base: Total travel outside of Strathcona County for shopping purposes at least once every 3 months

Q.5) Approximately what percentage of your total retail expenditures would you say you make outside of Strathcona County?



➤ Specific Stores Needed in the Community

	Area of Residence		
	Total (500) %	Sherwood Park (377) %	Other Strathcona (123) %
Department Stores	23	25	15
HBC/ The Bay	16	18	10
Sears	13	13	12
Department stores	5	6	4
Big Box Stores	21	21	20
Best Buy	15	15	15
Future Shop	13	13	14
WalMart	3	3	2
Big box stores	1	2	1
Clothing Stores	28	30	20
Clothing stores	11	13	6
Casual/ trendy clothes (i.e. Old Navy, The Gap)	8	9	5
Women's clothing stores	4	5	3
Men's clothing stores	4	5	3
Higher end clothing stores (i.e. Holt Renfrew)	4	4	6
Children's clothing (i.e. Gymboree, Please Mum)	4	4	3
Electronics/ computers	14	16	11
Home furnishings/ furniture (i.e. Ikea, Leon's, The Brick)	14	15	12

Q.6) What if any specific retail stores or types of stores or services do you believe are needed in the community? Any others?

- Most residents (almost 8-in-10) make suggestions of stores needed in the community.
- Clothing stores in general are seen to be among the most needed to fill the gap in Strathcona County's retail mix with casual/trendy clothing named somewhat more.
- Large format stores are also on the wish list, including:
 - Department stores—particularly by older residents—such as HBC/The Bay and Sears
 - Big Box retailers such as Best Buy and Future Shop

continued



➤ Specific Stores Needed in the Community (cont'd)

	<u>Total</u> (500) %	<u>Area of Residence</u>	
		<u>Sherwood Park</u> (377) %	<u>Other Strathcona</u> (123) %
Outdoor/ sporting goods stores	7	6	10
Automotive	4	5	3
Shoe stores	4	5	--
Home improvement stores	2	2	2
Food/ Restaurants	11	12	10
Restaurants	6	5	6
High end/ fine dining	3	3	1
Miscellaneous food retailers (i.e. deli, bakery)	2	2	2
Grocery stores	1	2	1
Fast food restaurants	1	1	--
Miscellaneous stores	11	10	13
Miscellaneous services	1	1	--
Miscellaneous	3	2	5
Nothing/ don't know	23	21	30

*Q.6) What if any specific retail stores or types of stores or services do you believe are needed in the community?
Any others?*

- To a lesser degree, food retailers and restaurants are mentioned as a need, as are outdoor/ sporting goods merchandisers.



Demographics

	<u>Total</u> (500) %	<u>Area of Residence</u>	
		<u>Sherwood Park</u> (377) %	<u>Other Strathcona</u> (123) %
Gender			
Male	49	47	57
Female	51	53	43
Age			
18 to 24	9	8	11
25 to 34	18	21	11
35 to 44	22	19	30
45 to 54	23	23	23
55 to 64	16	18	13
65 years and over	12	12	12
Stage of Life			
Single with no children at home	20	20	20
A couple with no children at home	37	36	39
A family with children under 18 years of age at home	33	33	32
2-parent household	29	29	28
single parent household	3	3	4
A family with only adult children at home	10	11	9
Don't know	<1	<1	1

continued



➤ Demographics (cont'd)

	Area of Residence		
	<u>Total</u> (500) %	<u>Sherwood</u> <u>Park</u> (377) %	<u>Other</u> <u>Strathcona</u> (123) %
Number of Children in Household			
1	29	29	30
2	43	43	43
3	20	23	13
4 or more	7	6	10
Refused	1	--	3
Average no. of children in household	2.1	2.1	2.0
Ages of Children in Household...			
Under 5 years of age	47	51	36
5 to 12 years of age	45	48	37
12 to 17 years of age	38	36	41
Years Lived in Strathcona County			
Less than 5	14	15	11
5 to 9	21	22	21
10 to 19	22	23	21
20 to 29	17	16	21
30 to 39	17	17	18
40 or more	7	7	7
Refused	1	<1	1
Average no. years lived in Strathcona County	18.0	17.6	19.2

continued



Demographics (cont'd)

	Area of Residence		
	<u>Total</u> (500) %	<u>Sherwood Park</u> (377) %	<u>Other Strathcona</u> (123) %
Employed Outside the Home			
Yes	68	67	71
No	32	34	29
Place of Work			
Sherwood Park	21	20	21
Other Strathcona County	12	8	22
Edmonton	60	65	48
Other	7	6	8
Refused	1	1	--
Annual Household Income			
Less than \$100,000	35	36	32
Less than \$60,000	13	14	10
\$60,000 to less than \$80,000	11	11	9
\$80,000 or more	9	8	11
Refused	3	3	3
\$100,000 or more	50	50	52
Less than \$120,000	13	13	13
\$120,000 to less than \$150,000	14	14	14
\$150,000 or more	20	19	23
Refused	4	4	3
Refused	15	15	16