



# Canadian Apparel Insights

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## 2013 Canadian Retail Apparel Market In Review

Thanks to a 3.5% increase in retail apparel sales during the fourth quarter of 2013, apparel sales in Canada increased 1.8% during 2013 after increasing by only 1.0% a year earlier. For all of 2013, retail sales of apparel totaled C\$ 27.9 billion. During 2013 the women's apparel market increased by 2.8% while the men's market was up 1.6%. All three juvenile apparel segments registered relatively large decreases in sales (i.e., more than 2.5%).  
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Year	Total Clothing	Women's Clothing	Men's Clothing	Juvenile Clothing
2010	\$26,378	\$15,082	\$8,199	\$3,097
2011	\$26,783	\$15,325	\$8,415	\$3,043
2012	\$27,370	\$15,139	\$8,577	\$3,156
2013	\$27,859	\$15,568	\$8,714	\$3,040

Source: Statistics Canada

Retailer	Total Sales 2013-2014		Retailer	Comp Store Sales 2013-2014	
	Q4	Total 2013		Q4	Total 2013
American Apparel Canada	N.A.	-5.6%	Bikini Village	-13.1%	-11.5%
Bikini Village	-17.1%	-15.2%	Carter's Canada <sup>(3)</sup>	N.A.	-1.8%
Children's Palace Canada	N.A.	-5.7%	Children's Palace	N.A.	-6.8%
Danier	-6.2%	-2.5%	Danier	-7.0%	N.A.
Gap Stores Canada Only	-6.7%	+5.2%	FGL Sports	+12.5%	+7.7%
Old Navy Canada	-7.5%	+1.9%	Hudson Bay Canada	+5.2%	+6.2%
FGL Sports	+13.3%	+6.8%	La Senza	-3.0%	+2.0%
Banana Republic Canada	-7.8%	N.C.	Le Chateau	-4.3%	+0.6%
H&M Canada	+3.0%	+3.0%	Lululemon <sup>(1)</sup>	-2.0%	+4.0%
Hudson Bay Canada	N.A.	+4.0%	Mark's	+5.2%	+4.6%
La Senza	-9.4%	-8.1%	Moore's	-2.3%	-4.1%
Le Chateau	-4.8%	0.0%	Reitmans	-2.3%	-2.8%
Lululemon <sup>(1)</sup>	+7.0%	+16.0%	Sears (Total)	-6.4%	-2.7%
Mark's	+5.5%	+4.8%	Sears (Apparel/Accessories) <sup>(2)</sup>	+1.1%	+4.2%
Moore's	-13.6%	-7.2%	TJX Canada (Total)	-2.0%	0.0%
Reitmans	-10.1%	-4.0%	Walmart Canada (Total)	-1.7%	N.A.
Sears (Total)	-10.0%	-8.2%			
Sears (Apparel/Accessories) <sup>(2)</sup>	N.A.	-0.8%			
TJX Canada (Total)	-10.4%	-1.6%			
Walmart Canada (Total)	+0.4%	N.A.			

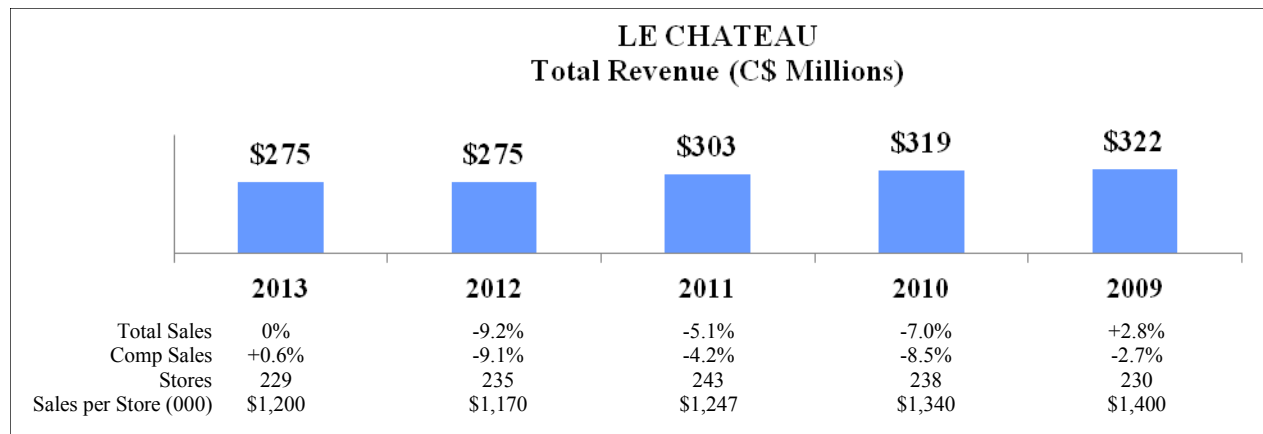
(1) Includes all worldwide sales (2) Includes footwear sales

## 2013 Le Chateau: Sales Finally Stabilize

After seeing its total sales drop during each of the past three years and its comp store sales decrease each year from 2009-2012, Le Chateau was able to finally declare what was for it a victory, small as it might have been.

For its 2013 fiscal year ending January 25, 2014 Le Chateau's sales were unchanged while its comp store sales increased 0.6%. Although in and of themselves neither sales metric was outstanding, they were significant for two reasons. First, they indicate that Le Chateau's attempt to reposition itself is working (a contention buttressed by the 82% increase in the company's 2013 e-commerce sales). Second, Le Chateau's 2013 results were better than those of many other Canadian apparel specialty retailers.

However, as often is the case, with the good news comes bad news. In this case, Le Chateau's net loss for 2013 almost doubled, from C\$ 8.7 million in 2012 to C\$ 16.0 million during 2013. The company also revealed that, in its first quarter of 2014 ending April 5, 2014, its total sales decreased 4.9%, while its comparable store sales fell 3.8%.

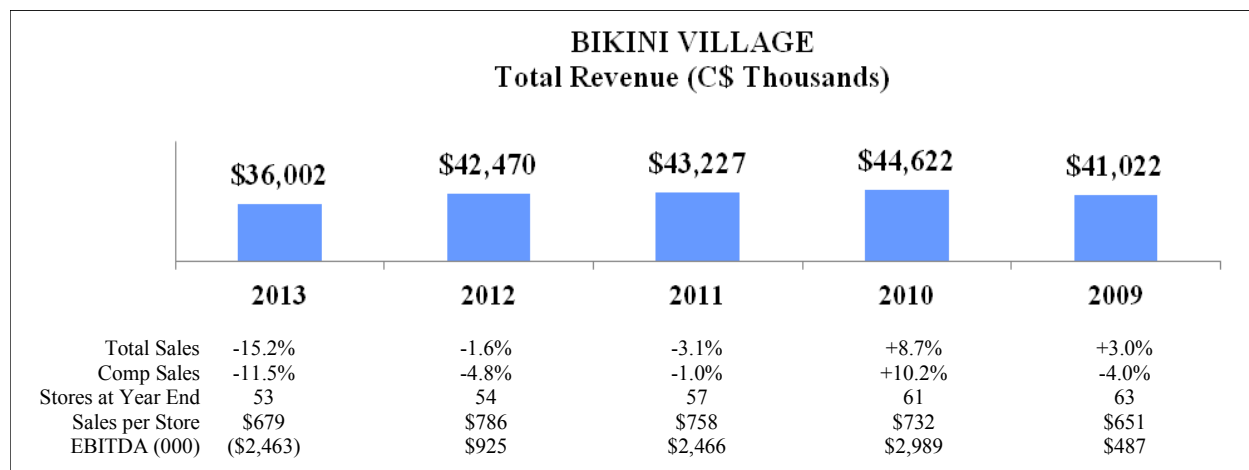


## 2013 Bikini Village Sales Plummet More Than The Temperature

Since it's a safe bet that almost no one ever buys a bathing suit to wear in Canada during the period December – February, it's hard to interpret the 17.1% decrease in Bikini Village's total sales during the 3-month period ending February 1, 2014. Comparable store sales in the company's 53 stores for the same quarter were down 13.1%. Perhaps Canadians going South during the quarter decided to wait to buy their bathing suits when they reached their destination instead of venturing out in the frigid weather prior to leaving for the sunny South.

Regardless of the reason(s), Bikini Village also had a terrible year as its total sales for the year were down 15.2% and its comparable store sales were down 11.5%. The company reported an operating loss (EBITDA) of C\$ 2.5 million for the year compared to a gain of C\$ 925,000 for the previous year.

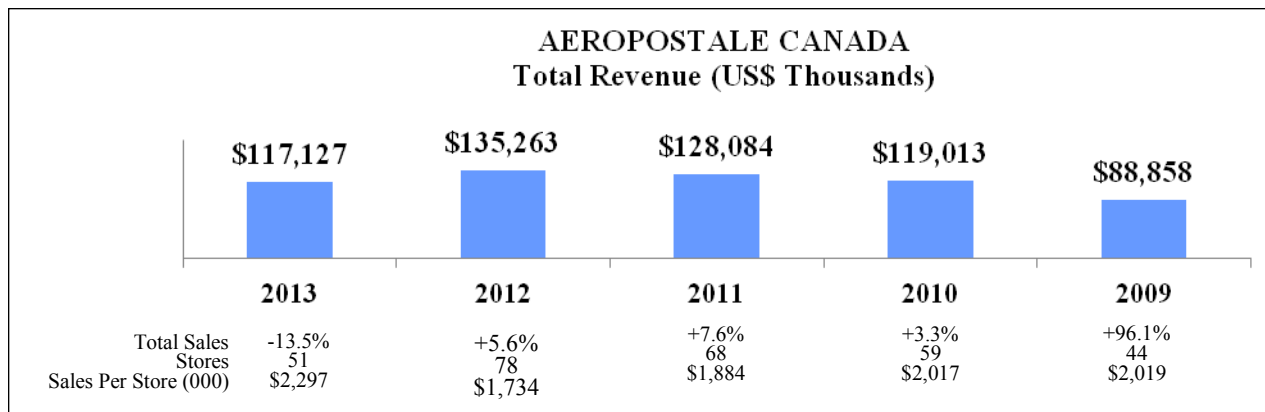
Bikini Village is seemingly a company that, in today's hypercompetitive and fast changing market, is in danger of being lapped by its competition, as evidenced by the fact that the company continues to redesign its website so that it can offer e-commerce. It opened only two stores during 2013 while closing three. Lastly, it continues to look for a new president eight months after the previous president's departure. It would seem that Bikini Village's board needs to tell management to put the pedal to the metal.



## 2013 Aeropostale Canada: Key Sales Metrics Go In A Different Direction

During the period 2009 – 2012, Aeropostale Canada added at least nine stores every year. The net result was that, while the company’s total revenue consistently increased during the four-year period, its sales per store consistently decreased. In 2013, Aeropostale Canada closed 27 of its stores, resulting in a 13.5% decrease in its revenue. However, the company’s sales per store potentially increased 21.9% to \$2.3 million.

This is a company whose U.S. sales have been in freefall for at least the past year. Even though the company’s sales in Canada decreased 13.5% last year, the decline could have been due to a combination of currency adjustments and the closing of 27 stores. As such, this publication is not yet ready to declare that the love affair between younger Canadians and Aeropostale Canada is over.

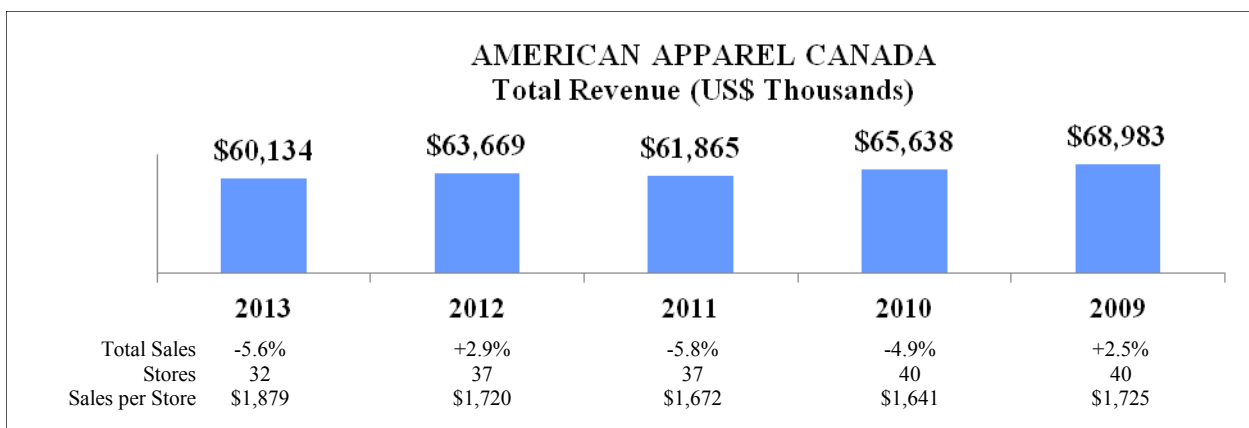


## 2013 American Apparel Canada: Better Performance Than Expected

American Apparel is a retailer who historically has seemed to be only one or two steps away from financial implosion. So it came as somewhat of a surprise when the company’s Canadian division reported that its 2013 sales decreased only 5.6%. This decrease was far less than had been expected in view of the average currency adjustment that was made by all American retailers to their Canadian division’s 2013 sales. In addition, American Apparel Canada closed five of its stores during 2013, leaving it with 32 stores at year’s end.

During 2013, American Apparel Canada’s retail division, which accounted for 75% of the company’s sales, registered a 6.9% decrease in revenue. The decrease was matched (-7.0%) by the retailer’s wholesale division, which accounted for 20% of the retailer’s sales. The only bright spot for the retailer was the 3.3% increase in the retailer’s e-commerce sales, which accounted for only 5% of its sales.

Despite the Canadian division’s relatively surprising performance in 2013, this retailer is, at best, trading water and is in need of a “rethink” as to its long term positioning in the Canadian apparel market.



## Uniqlo: A Worldwide Powerhouse Poised to Enter Canada

Since the first of this year there has been numerous rumours that Uniqlo is on the verge of entering the Canadian market. As undoubtedly some of this publication’s readers are not familiar with the chain or its parent, Fast Retailing, the following will hopefully serve as “Cliff Notes” on both companies.

Fast Retailing is Asia’s largest apparel retailing organization and has indicated that it plans to be larger than Inditex in six years. The company operates six different banners, the largest of which is Uniqlo, which has 853 stores in Japan. The Japanese Uniqlo stores generated 60% of Fast Retailing’s US\$ 11.9 billion in revenue last year.

Outside of Japan, Uniqlo operated 446 stores at the end of 2013 in eleven countries. In the first half of 2014, the company will be opening its first stores in Germany and Australia. In the United States, Uniqlo operates 20 stores including its large flagship store on Fifth Avenue. The company plans to add 20-30 stores annually in the U.S. until it reaches 100. Plans are in the works to open a design center in New York to modify the product to better appeal to American tastes.

From a merchandise perspective, Uniqlo has been compared to the Gap as its historical focus was primarily jeans, T-shirts and fleece. However, in the past five years, the differences between the Gap and Uniqlo have widened. Today, Uniqlo still offers a limited number of products, but in every conceivable color. Its true point of differentiation is that, instead of fashion, it has chosen fabrication. In effect, while it delivers a low cost product, the products it offers share qualities of high-end brands.

This publication believes that, in Canada, Uniqlo, with its minimalistic styling would quickly become one of the “go to” stores for Asians age 15-30. The store, with its savvy digital marketing strategy, would definitely affect the Gap, Marks and, in certain markets, Simons. The chain would also affect most other junior retailers but to what degree would be dependent on the number of stores the chain eventually operates in Canada.

WORLD’S LARGEST APPAREL SPECIALTY STORE RETAILERS 2013				
	Gap	Inditex	Fast Retailing	H&M
Total Revenue (US Billions)	\$16.1	\$23.2	\$11.9	\$18.1
Stores	3539	6340	2449	3122
Countries	48	87	14	53
Store Formats	5	8	6	6
Stores in Canada	227	27	0	63

Source: Trendex Research

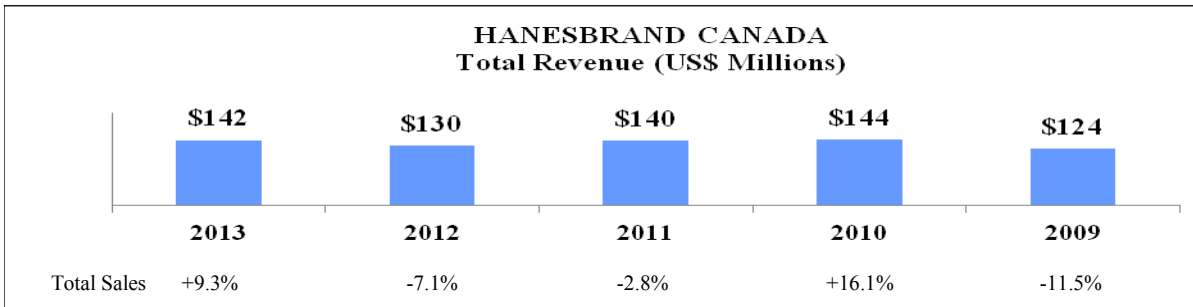
## Q1 2014 Columbia Canada’s Sales Not Surprisingly Increase 13%

There are few more iconic winter brands than Columbia and Sorel, so it hardly came as a surprise when Columbia Canada reported that its sales increased 13% to US\$ 26.9 million during its first quarter ending March 31, 2014. Actually, the company’s performance was even better as its sales included an “11% negative effect” as a result of a currency exchange rate adjustment.

Both Columbia Canada’s wholesale and DTC sales of apparel and footwear increased during the quarter while the sales of its Mountain Hardware brand decreased. The company indicated it sold out of Sorel cold weather footwear products during the quarter. Isn’t this a good news/bad news occurrence that most suppliers hope comes at least once a decade?

## 2013 Hanesbrand Canada: A Surprising Increase

After registering sales decreases in both 2011 and 2012, Hanesbrand Canada rebounded in 2013 as the sales for this Montreal headquartered company increased a surprisingly strong 9.3%. The company, whose brands include Hanes, Playtex and Wonder Bra, undoubtedly benefited from both Target’s opening in Canada and the increase in the number of Walmart Canada stores last year.



## Bikini Village: This Year’s Golden Commodore Award Winner

Every other year Trendex hands out a “Golden Commodore Award” to that Canadian retailer who is the slowest to publish its fourth quarter financial results. Those readers of this publication who are under 30 might not be aware that the Commodore 64, which debuted in January 1982, was the first commercially successful personal computer.

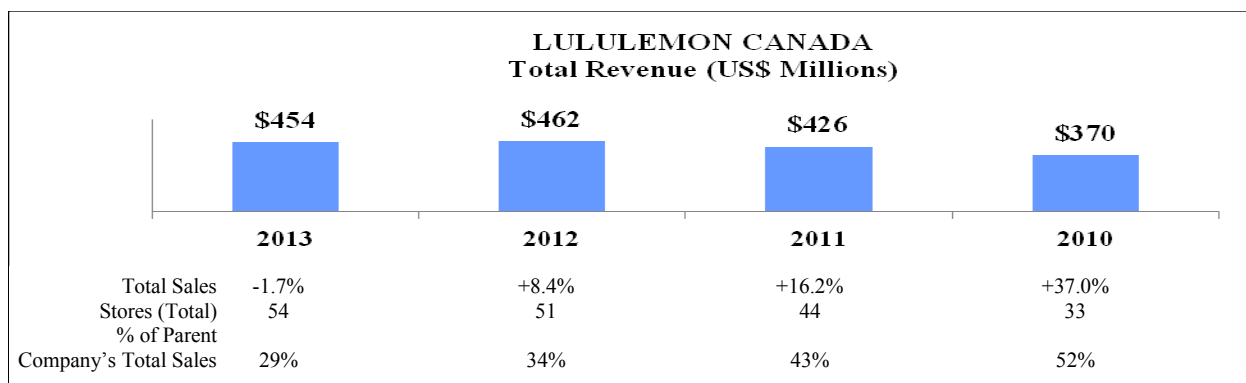
This year the award is bestowed on Bikini Village, who inexplicably took 90 days to publish their results for Q4 2013. The two previous years Bikini Village published their results on April 18, 2013 for 2012 and April 19, 2012 for 2011.

Company	4th Quarter Ending	Q4 2013 Results	Interval (Days)
Bikini Village	February 1, 2014	May 1, 2014	90
Canadian Tire	December 28, 2013	February 13, 2014	46
HBC	February 1, 2014	April 3, 2014	61
Danier *	December 28, 2013	January 30, 2014	32
Le Chateau	January 25, 2014	April 11, 2014	76
lululemon	February 2, 2014	March 27, 2014	53
Reitmans	February 1, 2014	April 5, 2014	63
Sears Canada	February 1, 2014	February 26, 2014	26

*\*Second Quarter for Danier*

## 2013 lululemon Canada: Sales Decrease by 1.7%

It would seem that lululemon’s problems last year were not just limited to the United States, as the company’s Canadian sales for the year ending February 2, 2014 decreased by 1.7% to U.S.\$ 454 million. While the company’s sales decrease was undoubtedly due to currency adjustments, it still came as a surprise given the fact that the company last year opened two additional stores in Ontario and one in Quebec. Currently, lululemon operates 54 stores in Canada, 20 of which are in Ontario.



## 2013 Canadian Retail Apparel Market In Review

Continued from Page 1

The growth in the 2013 Canadian apparel market was not unexpected given the recent strong correlation between the growth of Canada's GDP and the country's retail apparel sales.

While the next issue of this publication will detail the performance of the individual merchandise categories for 2013, it is worth noting now that a large portion of the growth in the women's market and the men's apparel during the fourth quarter of 2013 was due to (What a Surprise!) above average increases in outerwear sales.

Determining which publicly held retailers gained share during 2013 is made more difficult by the negative currency adjustments that affected the sales of all foreign headquartered retailers. However, this publication believes the following retailers either gained share, lost share or experienced no share change during 2013:

Gained Share: The Bay, Gap, Mark's, H&M and FGL Sports

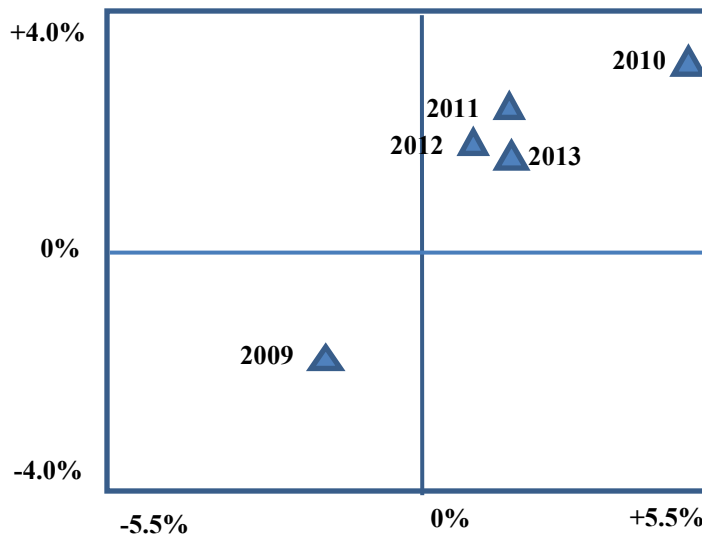
Lost Share: La Senza, Danier, Moores, Sears, Reitman's, and Bikini Village

Maintained Share: American Apparel, Banana Republic, lululemon, Le Chateau, TJX and Walmart

It should be noted that, while Sears apparel comp store sales were up, its total apparel sales were down, resulting in a decrease in its apparel share. Mark's share gain could conceivably have been minimal depending on what portion of its 4.8% increase in sales was attributable to its footwear sales.

The overwhelming majority of Canadian headquartered apparel specialty chains failed to gain share during 2013, as much of the overall increase in apparel sales occurred at either new foreign retailers or in existing foreign retailers. During 2014 Target Canada, with all of its original 124 stores open for the entire year, should register in absolute terms the largest increase in market share.

Canadian GDP Growth



## Q1 2014 Danier Sales Drop as a Result of Execution Failures

Candor is something that does not, seemingly, come naturally to Canada's apparel retail executives, so it was surprising when Jeffrey Worstman, President/CEO of Danier, stated, "We are disappointed with the company's unsatisfactory financial results this past quarter". To see just how unsatisfactory Danier results were, this publication reviewed all Danier quarterly results dating back to the quarter ending September 24, 2005. In not one of the quarters was the Company's sales performance as bad as it was during Danier's third fiscal quarter 2014 ending March 29, 2014.

During the first calendar quarter of 2014, Danier's total sales in its 89 stores decreased 17%, while its comparable store sales decreased by an astounding 19%. The Company's gross margin for the quarter decreased by 340 basis points to 43.9%, compared with 47.3% during the same quarter a year earlier. The Company attributed its decrease in sales and profitability to a breakdown in executing its strategic plan. In spite of the coldest first quarter in memory, the Company did not have enough of the extreme cold weather insulated jackets that customers were looking to purchase. The Company also had problems in implementing its promotional program, resulting in more markdowns than planned.

In spite of what could only be called a "horrible quarter", there were some bright spots. The Company during the quarter relaunched its e-commerce transactional site with the goal of attracting a broader range of customers.

A 30% increase in accessories' sales during the quarter meant that Danier's business model continues to lessen its dependence on its seasonal outerwear business.

Lastly, as a sign that the Company believes that its long-term strategy is sound but its execution has been flawed, the Company during the quarter replaced a number of management team executives. There is something to like about a Canadian apparel retailer who holds its key employees directly accountable for the Company's performance.

DANIER LEATHER Quarter Ending March 29, 2014		
	Q3 2014	Q1 -Q3 2014
Total Sales	-17.0%	-7.0%
Comp Store Sales	-19.0%	-9.0%

Sales in only retail clothing specialty stores, according to Statistics Canada, increased by 0.7% during February 2014. All retail sales less automotive, food and pharmacy sales, increased by 2.1% during the same month.

CANADIAN RETAIL CLOTHING SPECIALTY STORE SALES (SEASONALLY ADJUSTED)		
	<u>Current Month</u>	<u>Year to Date</u>
April 2013	+2.7%	+2.3%
May 2013	+3.6%	+2.5%
June 2013	+0.5%	+2.2%
July 2013	+4.7%	+2.6%
August 2013	+7.1%	+3.1%
September 2013	+5.6%	+3.4%
October 2013	+4.5%	+3.5%
November 2013	+6.3%	+3.8%
December 2013	+3.7%	+3.7%
January 2014	-1.5%	-1.5%
February 2014	+0.7%	-1.0%

The value of Canadian clothing manufacturing shipments in February 2014 increased by 14.8% compared to the same month a year ago.

CANADIAN CLOTHING MANUFACTURING SHIPMENTS Dollars		
	<u>Current Month</u>	<u>Year to Date</u>
July 2013	-2.3%	-2.3%
August 2013	+6.3%	-0.7%
September 2013	-16.2%	-2.8%
October 2013	-12.1%	-4.0%
November 2013	-7.8%	-4.8%
December 2013	-3.4%	-4.6%
January 2014	+10.1%	+10.1%
February 2014	+14.8%	+12.4%

The capacity utilization rate of Canadian clothing manufacturers during the fourth quarter of 2013 decreased by 10.7% from the same quarter a year earlier.

CANADIAN CLOTHING MANUFACTURING Industry Capacity Utilization Rate*				
<u>Quarter</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January - March	75.0%	76.0%	75.8%	63.9%
April - June	80.9%	74.6%	73.3%	73.2%
July - September	79.3%	76.2%	71.2%	67.6%
October - December	78.7%	77.0%	69.3%	61.9%

\* Ratio of the clothing industry's actual output to its estimated potential output

## February 2014: Old Man Winter Continues to Hurt Retail Sales

Canadian retail sales during February 2014 increased 0.5% over January's 2014 sales level and 3.7% over February 2013. The sales increase in February 2014 was less than expected given the fact that consumer confidence during the month increased a strong 3.9 points. Most analysts pointed to the month's record cold weather as the reason why the increase in sales was less than the increase in consumer confidence.

Clothing and clothing accessories store sales bounced back from two successive monthly declines, rising by 1.5% in February 2014. Sales of apparel among the retailers making up Statistics Canada's Large Retailer Survey increased 0.6% after declining by 0.8% the previous month. During February 2014, women's sales increased a strong 3.3%. Not unexpectedly, the sales of men's (+7.6%) and women's (+5.1%) outerwear were unusually strong. However, the increase in outerwear sales was offset by decreases in the more important men's (-3.4%) and women's (-3.4%) pants/tops category. Fashion Accessories sales were also very strong for both men (+9.0%) and women (+3.7%) as the consumer continued to purchase both gloves and hats.

Sales during March 2014 should have been exceptionally strong as consumers, who have suffered for too long from cabin fever, began to head back to malls to purchase spring/summer merchandise.

<b>TOTAL RETAIL APPAREL SALES</b> Statistics Canada Large Retailer Survey 2013/2014		
<b>Month</b>	<b>Current Month</b>	<b>Year to Date</b>
September 2013	-4.0%	-0.8%
October 2013	-0.5%	-0.7%
November 2013	+8.0%	+0.3%
December 2013	-4.0%	-0.3%
January 2014	-0.8%	-0.8%
February 2014	+0.6%	-0.7%
<b>Statistics Canada Segment Description</b>	<b>February 2014</b>	<b>Year to Date</b>
Total Apparel	+0.6%	-0.7%
Total Women's Apparel	-0.6%	-1.5%
Total Men's Apparel	+3.3%	+2.6%
Total Girls Clothing	-2.1%	+3.2%
Total Boys Clothing	+10.0%	+3.7%
Total Infants Clothing (Sizes 0-6X)	-1.9%	-7.8%
<b>Statistics Canada Commodity Description</b>	<b>February 2014</b>	<b>Year to Date</b>
Women's Outerwear	+5.1%	-0.6%
Women's Dresses & Suits	-1.7%	+2.4%
Women's Pants/Tops	-3.4%	-4.1%
Women's Hosiery	+0.3%	+4.6%
Women's Lingerie	+6.2%	+1.1%
Women's Other Clothing (e.g. bathing suits, uniforms, etc.)	+4.3%	+6.4%
Women's Fashion Accessories (e.g. hats, gloves, scarves)	+3.7%	+3.0%
Men's Outerwear	+7.6%	+3.9%
Men's Suits, Sport Coats	+7.1%	+6.6%
Men's Pants and Tops	-3.4%	-2.1%
Men's Underwear, Sleepwear & Socks	+24.6%	+21.4%
Other Men's Clothing (e.g. bathing suits, uniforms, etc.)	+5.2%	-0.8%
Men's Accessories (e.g. hats, gloves, ties, etc.)	+9.0%	+2.6%



## Apparel Price Inflation

The consumer price index during March 2014 for total apparel increased 4.1% from the previous month but was down 2.9% over March 2013.

CANADIAN CONSUMER PRICE INDEX - CLOTHING 2002 = 100 (Seasonally Adjusted)				
Month	Total	Women's	Men's	Children's
July 2013	80.0	74.6	90.6	74.2
August 2013	81.5	76.3	91.9	75.1
September 2013	83.9	80.0	92.4	76.2
October 2013	83.7	79.6	92.5	76.3
November 2013	82.2	77.9	91.8	74.3
December 2013	78.9	74.9	87.6	72.0
January 2014	78.9	73.3	88.9	75.3
February 2014	80.8	75.3	91.4	75.4
March 2014	84.1	79.4	93.3	78.1

Canadian consumer confidence increased by 2.9 points in March 2014 and was up 8.0 points from a year earlier.

CANADIAN CONSUMER CONFIDENCE		
Month	2013/2012	Previous Year
May 2013	80.7	80.8
June 2013	83.5	74.6
July 2013	82.5	76.9
August 2013	84.8	75.6
September 2013	90.9	82.2
October 2013	88.9	81.1
November 2013	87.1	80.3
December 2013	80.5	77.9
January 2014	81.5	83.0
February 2014	85.6	80.8
March 2014	88.5	80.5

*Source: Conference Board of Canada*

## Cross Border Shopping

During February 2014, same day cross border car trips to the United States decreased by 11.5% from the same month a year ago.

SAME DAY CAR TRIPS TO THE U.S. Thousands (Seasonally Adjusted)			
Month	Trips	% Change Same Month	Exchange Rate Canada/USD*
March 2013	2,757	+1.3%	\$0.98
April 2013	2,602	-4.5%	\$0.99
May 2013	2,672	+0.5%	\$0.97
June 2013	2,744	+2.0%	\$0.95
July 2013	2,721	+1.2%	\$0.97
August 2013	2,674	+0.3%	\$0.95
September 2013	2,707	-1.5%	\$0.97
October 2013	2,680	+0.1%	\$0.96
November 2013	2,701	+0.3%	\$0.94
December 2013	2,589	-4.5%	\$0.93
January 2014	2,561	-8.2%	\$0.90
February 2014	2,481	-11.5%	\$0.90

## March 2014 – U.S. Retail Sales Benefit From Delayed Buying

It was somewhat expected that U.S. retail sales would be strong during March 2014 after two months in which abnormally cold weather kept consumers out of malls and off car lots. But, no retail analyst foresaw just how much retail sales during March 2014 would bounce back from its year-to-date smackdown.

Retail sales during March 2014 increased 1.1%. The increase was the largest monthly gain since September 2012. Much of the growth was attributable to increased mall traffic and growing consumer confidence, which, at the end of March 2014, stood at its highest level since July 2013.

While most U.S. retailers enjoyed strong sales during March 2014, the majority of clothing retailers did not as evidenced by the 6% decrease in Gap's comp store sales and the 1% decrease in comp store sales for L. Brands. Buckle and Zumiez reported a 1.8% and a 2.9%, respectively, decreases in their comp sales. The poor performance of clothing retailers was attributed by many of them to the fact that this year Easter fell in April, instead of last year when it occurred in March. Although U.S. apparel retailers were disappointed in their March 2014 sales, they expected a combination of better weather, the arrival of both summer merchandise and tax refund checks, along with a late Easter would drive strong sales gains for April 2014.

TOTAL UNITED STATES RETAIL SALES				
	<u>Clothing/Accessories Stores</u>		<u>Department Stores</u>	
	Current Month	Year to Date	Current Month	Year to Date
August 2013	+4.6%	+3.8%	-4.9%	-5.1%
September 2013	+0.7%	+3.5%	-6.7%	-5.2%
October 2013	+4.7%	+3.5%	-3.4%	-5.2%
November 2013	+4.4%	+3.7%	-4.3%	-5.0%
December 2013	+4.7%	+3.8%	-3.5%	-4.7%
January 2014	+1.4%	+1.4%	-3.9%	-3.9%
February 2014	+2.4%	+1.6%	-5.2%	-5.7%
March 2014	-2.3%	-0.4%	-5.8%	-5.6%

UNITED STATES RETAIL CLOTHING/ACCESSORIES STORE SALES				
Year to Date				
Percent Change in Sales				
	Total	Men's Clothing	Women's Clothing	Family Clothing
January - December 2012	NA	-1.5%	+7.7%	-5.2%
January - December 2013	+3.4%	-4.7%	-2.4%	+5.0%

UNITED STATES MONTHLY SALES BAROMETER - MARCH 2014		
Segment	Percent Total Change	Comparable Store Change
<i>Mid</i>		
Gap	NA	-6.0%
L. Brands Inc.	+3.0%	-1.0%
<i>Lower/Value</i>		
Stein Mart	+0.7%	+0.9%
Costco (U.S.) *	+6.0%	+6.0%
Cato	-3.0%	-5.0%
<i>Junior</i>		
Zumiez	+4.3%	-2.9%
Buckle	NC	-1.8%
American Apparel	NC	-5.0%

## 2013 U.S. Women’s Apparel Market: Non Traditional Channels Gain Share

The changing nature of women’s apparel retailing in the United States was brought into clearer focus as a result of the NPD Group (US) releasing its 2013 annual data. During last year, sales of women’s apparel in the United States increased by 4% to US\$ 116.4 billion. E-commerce sales of women’s apparel increased by 17% and accounted, during 2013, for 15% of women’s apparel sales.

The most insightful finding from the Port Washington, New York company was that U.S. women are increasingly turning away from traditional channels of distribution when purchasing their apparel. During 2013, sales in the National Chains (+1%), Apparel Specialty Stores (+2%), Department stores (+2%) and Discount stores (+3%) all grew at slower rates than the 4% increase for the total women’s apparel market. On the other hand, sales in all the non-traditional channels of distribution for women’s apparel including Off Price Retailers (+8%), Warehouse Clubs (+10%) and Sporting Goods/All Other Retailers (+10%) grew at rates far exceeding the overall sales increase for women’s apparel.

It should be of interest to this publication’s readers that Trendex, in its forecast of the 2014-2018 Canadian apparel market, indicated that the off price retail channel will be the fastest growing channel of distribution for apparel retailing in Canada. The growth will occur as a result of three factors:

- The growth in the number of Marshall stores;
- The market entry of both the Rack and Off-Fifth;
- The increase in the number of true upscale factory outlet malls.

However, it should also be noted that it will take longer than 2018 for e-commerce to account for 15% of Canadian women’s apparel sales.

U.S. WOMEN’S APPAREL MARKET 2013		
	Dollar Share	% Change 2013/2012
National Chains	10.2%	+1%
Department Stores	16.4%	+2%
Specialty Stores	36.0%	+2%
Mass Merchants	12.4%	+3%
Off Price Retailing	11.3%	+8%
Warehouse Clubs	1.0%	+10%
All Others	12.7%	+10%
Total	100%	+4%

Source: The NPD Group Inc/Consumer Tracking Study

**The 2014-2018 Canadian Retail Apparel Market  
The Battle Lines Come Into Clearer Focus  
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## 2013 Target Canada: Apparel Sales Were In the US\$250M-\$275M Range

The publication late last month of Target’s 2013 annual report provided two additional insights into Target Canada’s operation. The first of those dealt with Target Canada’s stores. While it was common knowledge that Target Canada opened 124 stores last year, its retail selling square footage by province was not known. The following table details the information. Of interest should be the fact that the average size of a Target Canada store was (000) 114 square feet versus 134 square feet for all Target stores in the U.S.

Of even greater interest was the fact that during 2013 apparel and accessories accounted for 19% of the sales in Target’s U.S. stores. Included in the 19% are apparel, jewelry and shoes. As such, Trendex estimates that only apparel accounted for 15% of Target’s U.S. sales. A senior merchant at Target Canada revealed that only apparel was accounting for 5% more of Target Canada’s sales than in the U.S. If this is in fact accurate, Target Canada’s apparel sales in 2013 were in the range of US\$250-\$275 million, which would mean that Target Canada’s apparel sales were approximately a third of Mark’s 2013 apparel sales.

TARGET CANADA STORES As of February 1, 2014		
	Stores	Retail Square Feet (000)
New Brunswick	3	320
Newfoundland/Labrador	2	216
Nova Scotia	4	443
Prince Edward Island	1	106
Quebec	25	2876
Ontario	50	5772
Manitoba	4	457
Saskatchewan	3	319
Alberta	14	1633
British Columbia	18	2047
Total	124	14,189

## 2013 Canadian Apparel Market: Insights From NPD Canada

This publication has long been puzzled by NPD Canada’s reluctance to publish any market size estimates and retailer market share information based on its consumer apparel purchase tracking study. So it was a surprise when in late February and mid April 2014, a number of articles appeared that quoted an NPD Canada spokesperson and NPD’s data. The following chart details a comparison between NPD Canada’s information and Statistics Canada information. Readers are encouraged to draw their own conclusions.

CANADIAN RETAIL APPAREL MARKET 2013		
	NPD Canada	Statistics Canada
Women’s Market (2013)	US\$ 13.5 B	C\$ 15.7 B
Women’s Growth (2013/2012)	“Flat”	+ 2.8%
Men’s Market	“Increasingly Exciting”	+ 1.6%
Men’s Market (2013)	US\$ 7.5 B	C\$ 8.7B
Total Market (2013)	A little more than C\$ 20.0 B	C\$ 27.9B

### ETC...

**Express**

During 2013, Express opened four stores in Canada. As of February 1, 2014 Express had 15 stores in Canada, four in

Alberta, two in British Columbia and nine in Ontario. During 2014, Express will be opening two additional Canadian stores.

**Loblaws**

reported that during its Q1 2014 ending March 22, 2014 its “apparel sales were flat.”