

way No.2 and 13th St., Cornwall; Freimart Stores, Ltd., Rideau St., Ottawa; Allied Towers Merchants, Ltd., 110 Orfuss Rd., Toronto; Honest Ed's, Ltd., Bloor and Bathurst Sts., Toronto 4; New Era Discount Dept. Stores, 2902 Dansforth Ave., Toronto; Rite-Way Dept. Stores, Ltd., 2400 Eglinton Ave. W., Toronto; Sayvette, Thorncliffe Park, Toronto 17; Sentry Dept. Stores Ltd., 18 Grenville St., Toronto 5.

Allied Towers Merchants, Ltd., Toronto, Canada

Formed in 1962, Allied Towers Merchants, Ltd., is now the biggest discount chain in Canada. The company was originally organized by a group of merchants holding concessions in a mushrooming chain called Towers Marts International under the presidency of Samuel J. Rosenstein. Some Canadian capital was invested in the company but the chief guidance came from the principals who had started the chain. Every department was leased and in the early days there was little real control; available merchandise was bought in large quantities in the hope that it would sell. For some months the chain prospered but in the latter part of 1962 trouble developed in regard to real estate payments and merchandising policies. As a result the company went into receivership in March, 1963.

A group of concessionaries, under the company name of Allied Towers Merchants Ltd., stepped in as a protective measure to take over on a contractual basis with the trustees for Towers Marts. The lessees operated jointly as a landlord taking over the collection of cash, advertising, and setting general company policy. President Myrle W. Book says, "We were just low, very low, and it was not until late in 1964 that we had the situation well in hand. Since that time our progress has been steady with a very substantial sales growth. The company produced a sizeable profit for the first time in 1965. We now have 13 units in fast-growing suburban areas and our current level of sales is far in excess of the national average. One of the first things we did was to get into very solid planning.

"In our first year of operation we reduced our inventory by over \$2 million since a lot of it was three years old. Many of our departments had been loaded with unacceptable lines which had been bought for promotion. We got rid of it at any price and dropped many low-end lines. For example, we were selling thousands of dozens of Japanese brassieres at 33 cents. We dumped them and put in 87-cent brassieres with excellent results. We applied this principle to hundreds of items and it has brought about better markon, better acceptance, and obviously a greater profit. At the same time we

developed goal planning and merchandise management. For a long time we could not attract very many good people so it was almost a one-man band. I am sure that many have gone through the same experience in trying to find executive talent.

"Although we have traded up, price will always be our predominant customer attraction. But it is price with style, quality, and downright good value. We started as a discounter but we now consider ourselves more of a small promotional department store type of operation. We use comparable pricing fairly extensively. In the main our prices range from middle-low to middle-high. Our highest priced women's coat used to be \$49.88 and is now \$79.88 but we did not reach this price in one jump and we cannot do it in all our stores. We fought our way cautiously. The first area in which we started trading up was in women's wear. We actually considered leasing this department as it was one of our greatest losers, however, as a result of careful merchandising, by 1965 our women's wear department became our greatest profit department.

"In 1965, on a very low budget, we managed to redecorate and re-fixture our stores. We hired a company to set up a complete program of new signing. We also strengthened our merchandise mix by adding name brands. After a great deal of negotiation with suppliers we introduced several of the leading lines of cosmetics which we agreed not to discount. We have a large furniture and major appliance department including such brands as RCA and Frigidaire.

"In Canada a whole new upper-middle class has risen in the past 15 years. It consists of educated people in executive, managerial, and professional occupations earning \$8,000 to \$9,000 a year and up. This segment today accounts for half of the consumer market in Canada. The upper economic bracket now represents about 20 per cent of the families in large urban areas contrasted with 5 per cent 15 to 20 years ago. Together, particularly in our Ontario-Quebec market, these two groups represent 70 per cent of the consumer demand. How wrong we could have been in our case to have gone to low-end type merchandise. In Canada 37 per cent of the labor force currently is aged 16 to 31 years. By 1970 this group will comprise about 56 per cent of the labor force. In 1951 this was 11 per cent. Today in Canada about 25 out of every 100 married women work outside their home. To satisfy the wants of this dynamic new consumer market presents a tremendous opportunity."

La Salle Stores

In 1949 La Salle Factories, Ltd., decided that all suits they manufactured for the Bond Clothes Shops not sold could be returned to the factory. The