

How Retailers in Canada Cope with Recession: A Survey of Retailer Strategies through News Content Analysis

Shuguang Wang
Department of Geography
Ryerson University
Toronto, Canada

The peaking of the so-called Subprime Mortgage Crisis in the United States in the autumn of 2008 finally triggered a world-wide recession. While recession has always been a part (i.e., the deteriorating phase) of the economic circle (see Figure 1), the current one is said to be the worst since 1982. In economic terms, a recession is a vicious cycle, in which workers lose their jobs, consumer confidence is shattered, and businesses suffer from losses of income and profits. A steep and prolonged recession can have devastating effects on producers and retailers alike. Companies often need to adjust their business strategies to minimize the losses, and many economists and business consultants offer ‘survival kits’ to help them weather the recession.

Table 1 Post World War II Recessions

Start – End	Duration
Nov. 1948 – Oct. 1949	11 months
July 1953 – May 1954	10 months
Aug. 1957 – April 1958	8 month
April 1960 – Feb. 1961	10 months
Dec. 1969 – Nov. 1970	11 months
Nov. 1973 – March 1975	16 months
Jan. 1980 – July 1980	6 months
July 1981 – Nov. 1982	16 months
July 1990 – March 1991	8 months
March 2001 – Nov. 2001	8 months

Source: National Bureau of Economic Research

<http://money.cnn.com/2008/12/01/news/economy/recession/index.htm>

This paper examines how retailers in Canada cope with the current recession. I purposefully use the phrase ‘retailers in Canada’ instead of ‘Canadian retailers’ because many retail businesses in Canada are owned and operated by American retailers. While the Canadian economic structure and market conditions are different from those in the Asian countries, it is my belief that in the increasingly globalized world economy, the Canadian experiences can offer useful lessons to the Asian countries.

The best approach to examining retailer strategies is to talk to the business managers in charge of strategic planning. Yet, it proved extremely difficult to obtain interview meetings with them. Even my former students who now work for the major retail firms in Canada politely declined my requests, and apologized for not being able to talk to me about their corporate strategies. As one student wrote to me:

Thank you for your interest in Sobeys Inc. I am sure you can appreciate the highly competitive nature of the grocery business in Canada, and as such the confidentiality of sensitive information is of paramount importance. Therefore, I'm afraid that I cannot speak in any detail of future growth plans for Sobeys Inc. ... Unfortunately, I don't believe a meeting would be necessary since I would be unable to divulge any further information regarding our 'growth and expansion patterns'. I'm sorry I could not be of any further help.

Having been granted only one interview with the vice president of a major supermarket chain, I sought to examine the retailer strategies through an analysis of news contents (mainly newspaper articles but also reports on reputable and reliable websites). Each of the mainstream newspapers in Canada has a dedicated journalist reporting specifically on retail businesses. These reporters go to most of the news conferences and attend conference calls when the major retailers release their quarterly reports to their shareholders. Their reports are mainly facts based, but they provide useful information for academic analysis and for development of new knowledge of retailing. As the reference list reveals, this paper is heavily based on one newspaper – *The Toronto Star*, because it is the largest newspaper in Canada and I have been subscribing this paper for the past 17 years.

This paper begins with an overview of retailer strategies suggested by academics and business consultants, to establish a framework for my analysis. The paper then proceeds to describe the current retail environment in Canada to set up the local context. In the third section, five major retailers are examined to identify their respective strategies that they have adopted in coping with the recession. The paper ends with a summary discussion to draw useful generalizations.