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New online store points to Canadian retail upswing

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 CBC News

U.S. online retailer CSN Stores said Thursday that it is extending its services into Canada, an indication that the retail sector is not in as much trouble as analysts predicted earlier in the year.

That means consumers on this side of the border will be able to buy everything from barstools to game chairs from the Boston company's virtual home furnishings inventory.

CSN made the move because Canadians had been bombarding the firm with requests to be able to buy its products in this country, CSN said in a press release.

"Our decision to go up to there was really driven by this Canadian demand," said Steve Conine, CSN's chief executive officer in an interview.

So, privately-owned CSN, which had sales of approximately \$200 million US last year, revamped its distribution network to deliver merchandise into Canada and opened its online doors this week.



Canadian retail sales, without autos, were up 6.8 per cent in June. (CBC)

The CSN announcement may be further evidence that Canada's retail sector might be stronger than some analysts suggested.

Canadian moves

Earlier in August, for example, Dorel Industries Inc. said it was re-opening its Michigan furniture plant, which was shuttered in 2007.

The Montreal-based company cited stronger domestic furniture demand as the reason for restarting the facility.

Also in the same month, Laval, Que., retailer Hart Stores Inc., announced expansion plans.

Hart said it was buying eight SAAN stores for an undisclosed amount of cash. The locations, seven in Quebec and one in Ontario, will boost the company's presence among bargain shoppers.

SAAN had slipped into bankruptcy earlier this year.

Hart's most recent announcement means that the chain has grown to 89 stores, a jump of 12 outlets in the past eight months.

That is not bad for a sector that many experts had written off for much of the year.

Perhaps, however, the high level of skepticism concerning the sector's prospects were understandable.

Retail figures

After all, Canadian retail sales in June barely posted any increase, up 0.5 per cent from May.

The year-over-year comparison, this June versus last June, was better, up four per cent, but not enough to make analysts overly optimistic for the rest of the year.

"Going into the second half of this year ... expect to see a gradual moderation in both the nominal retail sales and a continuation of the moderation in real spending levels," wrote TD Bank economist James Marple in a recent economic commentary.

Once car and gas sales are subtracted, sales popped 6.8 per cent comparing June 2008 with June 2007.



Electronic gadgets have been selling well on both sides of the border. (Associated Press/ Jim Mone)

Canadian furniture sales also rose 6.8 per cent in the month while home furnishings, a key market for CSN, grew a more moderate 4.2 per cent.

The U.S. retail situation appears to be more dire, as preliminary estimates for July pegged the yearly growth rate at 2.6 per cent.

Still, for instance, home electronic sales grew by four per cent in July in the United States and a hefty 8.8 per cent in June on this side of the border.

In addition, industry forecasts showed some optimism regarding the remainder of the year.

For instance, the National Retail Federation, the U.S. industry lobby group, forecasted faster sales in the last half of 2008, an increase of 3.8 per cent, compared to the first six months of the year.

"Retail in the U.S. is soft. We're not going gangbusters this year," said Conine.

"But the second half will be better than the first half. And online is picking up market share from traditional stores," he said.