

THE DOLLAR DILEMMA SURVEY

Question #3: *Have you reduced your prices in response to demand from consumers?*

YES - 20.4%

NO - 79.6%

COMMENTS

1. We have reduced prices as we received merchandise from wholesalers who have, for a variety of reasons not necessarily linked to the Canadian dollar, reduced their charges
2. On books and cards that have 2 prices, we will now charge the lower U.S. price.
3. We have explained that our products come from a variety of countries not just the U.S., so the dollar's strength has not had a store wide impact, and also, we paid for the majority of our inventory with dollars valued at the lower Cdn. rate, several months ago, as did many of our suppliers. We've had very few problems. If the media would shut up this would stop the hype.
4. We buy in small quantities and don't get a bulk discount. Many times the American price is less than we pay. It would mean a loss. We can't afford that.
5. I can't afford to take less of a markup.
6. No changes in costs at this time.
7. Only new imports are receiving the lower prices, as we calculate our retails as usual based on our costs.

- 8.** THEY PAY ME THE US\$ VALUE PRINTED ON THE ITEM.
- 9.** Typically when we buy products we are working 6 months in advance. For instance, the \$ was at 87 cents when we bought fall and it was at 95 cents when we committed to spring 08. We review our prices each season in basics and price each new product launch using the currency of the day and our best forecast of where it will be when we buy. Many of our spring and basic items are already on par with the USA and there will be many more as new product is released where we are able to buy using on par currency.
- 10.** I am a single store, and I cannot afford to lower my prices. I'm a higher end store so not much flack, only in card sales.
- 11.** I still paid the same wholesale price. By reducing I will lose money. On new inventory yes, we will adjust prices to reflect the current rates.
- 12.** Products supplied by wholesaler in Canadian dollars.
- 13.** Some cards have US price... customers feel we need to charge that price. Also, we are taking 20% off Christmas hard goods... We are a border town... need to encourage the buyers.
- 14.** New products are constantly price based on prevailing rates. Since we don't keep the majority of products more than a year or two, they generally remain at the same price, but then they are discontinued.
- 15.** WE ARE SELLING Yankee Candle / Dept 56 at USA prices but paying 20 to 40% more than USA retailers+ reduction on inv paid in USD.

- 16.** Some things we are able to reduce depending on when it came in or from where.
- 17.** Waiting to see if we get price increases from our U.S. supplier first.
- 18.** We make a Canadian product from all Canadian raw materials.
- 19.** Only on our collectable pieces that have an American price on them.
- 20.** If the suppliers bring down their prices, so will we.
- 21.** Unless my supplier can give me a reduction on product purchased, I can not afford to go to US prices at the cost I paid.
- 22.** On some items but the prices from my suppliers have not gone down! In fact on a lot of my jewellery, when a customer wants a different size or stone color the replacement item is much higher because of the high price of gold.
- 23.** I have reduced prices on product that has been purchased at lower cost to reflect the savings.
- 24.** Due to the fact that we book in advance, we are paying in futures, the cost at that time. It will take time ESPECIALLY for small retailers to reap the benefits of lower costs.
- 25.** We purchase most of our product in Canadian dollars. Most product is imported into Canada, therefore not affected by US dollars.
- 26.** I CARRY ONLY ONE LINE THAT SELLS IN US AND CANADA,
BRADFORD EXCHANGE COLLECTIBLES. AS I HAVE PAID FOR MOST

OF MY STOCK AT THE SUGGESTED RETAIL (LESS DEALER DISCOUNT) AT THE LOWER DOLLAR RATE I CANNOT AFFORD TO DISCOUNT TO US DOLLAR SUGGESTED RETAIL UNTIL THAT HIGHER DOLLAR RATE TAKES EFFECT ON MY COSTS. I ASSUME AT SOME TIME IN THE FUTURE THE SUPPLIER WILL LOWER THEIR COSTS TO THE DEALERS TO REFLECT THE CURRENT EXCHANGE RATE.

- 27.** Only for items (3 religious lines) we distribute from the U.S.
- 28.** The area that is in question for us is books -- we are reducing as new items come in, but not on items that we paid a higher price for.
- 29.** As a gift & tableware retailer, we make most of our wholesale purchases 6 to 10 months in advance, especially Christmas stock.
- 30.** My products do not reflect new pricing because everything was prebooked before the dollar change. As well, if the suppliers don't change their prices, what are we supposed to do?
- 31.** Products purchased with a weaker dollar will not be reduced until they are purchased with a stronger dollar.
- 32.** We import from the UK and I purchase futures for the pound sterling 6 months in advance, which sets my costs. Also much of our inventory is at least a year in our warehouse. We base our prices on a fair mark up of our landed costs.
- 33.** Prices have not been reduced to me by my supplier/s. When that happens, I will reduce my pricing to my consumers. I am a small retailer who has a large staff (in order to offer Great Service to my customers). I

have fixed costs to meet in opening and running my small store. I am not a "big box" retailer. I am a small fish.

- 34.** Our costs have not been reduced, thus we cannot lower our retail.
- 35.** My cost did not change.
- 36.** How are we supposed to reduce our prices when the inventory we purchased was purchased when the dollar was high. That is not our fault. What has to be done is to get the politicians and the media to stop promoting the fact that we as retailers should be reducing our prices because of [the] strong dollar. They are barking up the wrong tree. The people whom they should be targeting are the manufacturers and wholesalers; we don't produce the goods, we just sell them. It is another roadblock thrown our way at a very important time of year when retailers are at their busiest. Besides conditions in the auto industry and the exodus of jobs to lower paying countries etc., I think the federal gov't does this every fourth quarter. It could get nasty. What does Jim Flaherty know about Retailing?
- 37.** When the Federal Government drops the high import tax (compared to the USA import tax) then we will drop our prices accordingly.
- 38.** Until our wholesalers reduce their prices to us, we cannot lower prices and remain in business.
- 39.** Only a few national accounts have asked/demanded price decreases threatening to unilaterally deduct 10% off payments due until we relent. They do not understand, or choose not to show that they do understand, that our imported items were purchased in many cases before the Canadian dollar rose, or, more importantly, that the merchandise they

purchased was not paid for in USDs, but rather in Canadian dollars or Euros. We have shown them the actual invoices (with confidential info blocked out) from suppliers showing the actual items and dates of receipt of the merchandise we sell to them. These invoices which ONLY show the description of the products, the invoice dates and the currency in which they were paid (CDN or Euro). Unfortunately, these major retailers choose to just ignore these facts saying that the other items that we bring in, paid for with USD for other customers gives us some extra margins that we should pass onto them, even though these majors are not buying that merchandise. They are simply being piggish and only looking at this issue from their own standpoint. Have they lowered the prices of the items they brought in or committed to prices earlier this year?

- 40.** I can't afford to bring in fewer dollars if I hope to cover my costs and make a reasonable profit. Local shoppers are heading to the border in droves. If I drop my prices, will the rush to the border stop? I doubt it.
- 41.** With duty, freight and staffing costs all going up, prices may have decreased but the overall profit has not. Price is only 1 part of the equation and often consumers don't understand that.
- 42.** Cost was when dollar was lower.
- 43.** We have to purchase and pay for goods 6-10 months in advance--so the goods we have in stock are the ones that we purchased when the dollar was 1.10 to 1.12 US--
- 44.** Not exactly, we are an import business. The newer prices reflect a cheaper US dollar but a lot of our goods are based on the Euro.

- 45.** Even though I was not asked I have reduced prices by 10-15% to reflect the US dollar... however my suppliers have not!!
- 46.** Hallmark cards are pre-printed on back. I paid in Canadian dollars and if I reduce prices, I will lose money.
- 47.** Our manufacturing process has not seen a decrease in costs to manufacture, therefore our prices have remained the same.
- 48.** We still have stock bought before.
- 49.** When I have purchased from US suppliers, I have been watching the dollar and pricing accordingly. Most of our products are purchased in Canada and do not go through the US.
- 50.** Pass on any price reduction given to us by our suppliers.
- 51.** Only a few have asked and most of our products are Canadian and fairly priced.
- 52.** As an online retailer, all prices are marked in US dollars. What we've done is increase our US dollar prices to equal our Cdn. dollar.
- 53.** A few publishers have reduced some products to American prices and for these I have in turn reduced my price to the American price, plus tax.
- 54.** Our merchandise is purchased in a currency other than EU or USD and there has been no significant change in our dollar vs the currency of the country that manufactures our product.
- 55.** We are researching the US prices on their web sites.

- 56.** If our cost remained the same, and the item was bought with the higher dollar, we have cut costs. However, we have not been able to reduce prices on older stock bought with the weaker dollar.
- 57.** The majority of our inventory was bought and paid for before the dramatic improvement in the dollar.
- 58.** We haven't gotten pressure but are being proactive and dropping our pricing on US product. Customers have responded positively.
- 59.** Because manufacturers did not reduce their prices yet.
- 60.** Products were purchased when dollar was lower... market in previous years did not allow for raises and most products not made in U.S.A.
- 61.** Purchases were made in US\$ when ordered in April of 2007 or earlier. That is how they were quoted and we set our prices based on that. Then we lock in our exchange rate in April to protect the pricing and purchase our US\$. The huge swing since April in the value of the Canadian dollar was at the time unexpected. The US will be paying more for their goods very soon, this, in combination with us paying less, will equalize things significantly.
- 62.** Stock was bought and paid for before dollar improved. Cost of doing business here is still higher than in US due to economy of scale issues, duty, freight, etc.
- 63.** I have dropped my prices but not because my customers are demanding it. I still make the same amount as before, but my pricing formula has changed to reflect the increase in our dollar. Retailers do not understand

that our taxes, duties, freight, rents and labour costs are all higher than the US. My supplier is in the Philippines, and the decrease in the US dollar is driving the value of the peso down. Many manufacturing companies there are having to raise their prices or shut down. My manufacturer has not yet raised his prices, but it is coming for sure.

64. Some, not all.

65. Cost of doing business in Canada essentially has not changed--the exchange rate is a relative amount, not a real amount, and very few factors in our business are directly tied to the US dollar.

66. We can only reduce our prices when it is appropriate, not just on demand. So much of our buying and pricing is done well in advance, we still have a lot of goods in stock purchased when the dollar was not as strong. Our customers have been understanding of this because many retailers are in the same position.

67. FRESH PRODUCT PURCHASED DAILY AND THEREFORE CAN SELL FOR LESS.

68. I have raised my US prices to US customers.

69. We have an end of season sale to clear out stock. Most of our inventory is on sale from 30 to 50% so they don't ask for a further discount.

70. On some items yes, but on others I simply explain that even with the dollar parity, I'm still paying duty, freight, etc. and that has to be compensated.

71. Most product in the store has been bought at the time when the Canadian dollar was lower.
72. Canadian Made goods.
73. We have had to in some cases in order to not lose sales to the Internet.
74. On products imported from the US.