

The Dollar Dilemma

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What are the pitfalls of a strong Canadian dollar for your business?

1. We anticipate a reduction in tourism market.
2. Any stability is good; if there is volatility in the dollar level there will be some uncertainty in price positioning.
3. Problems concerning goods pre-priced in Canadian dollars that do not take into account the rise in the Canadian dollar.
4. Losing customers to the perceived savings shopping across the border or to other retailers who suggest their prices have been lowered.
5. Less tourists
6. Explaining to the customer that I still pay the same for most products and that my pricing is based on my cost. They don't seem to understand.
7. None at this time
8. Being a border city I see on a daily basis the line-ups at the toll bridges where shoppers locally and beyond go U.S. side to shop. The consumers do not realize how much harm this is to local economies. Another pitfall is there are a lot fewer American visitors to the area.
9. American business substantially down.
10. Slow response by importers to adjust the US/Cdn marked prices.
11. Consumers going to the US more and also doing some shopping over there.
12. LOSING ON PRODUCT I PAID THE EXCHANGE RATE ON WHEN IT WAS 10-12%.
13. We are a manufacturer doing 50% of our business to US retailers. The increase in the value of the Canadian dollar significantly reduces our profit margins.
14. As the \$ goes up customers expect price reductions sooner than we can afford to give them. They do not consider the buying cycle. As the \$ comes down they expect us to hold quoted prices.
15. 80% of our sales are in \$US. 95% of our expenses are in \$C - the rising Canadian dollar effectively means our revenue is down 15% this year on the same volume.
16. Consumers cross border shopping. We must investigate new practices of importing from new suppliers from the U.S. or threaten our suppliers of that option to receive better pricing.
17. Our Canadian Wholesalers I think are losing out. Canadian wholesalers seem higher and we look south the border for wholesalers
18. None
19. Many of our hard goods come from US... since we had to buy a year in advance, we paid the high rate.. now we are caught.
20. Worse margins in our US business

21. A large portion of our products are priced both in US and Canadian.
22. Cross border shopping is a huge problem and if not addressed seriously by all levels in the supply chain it will reap disaster and very soon.
23. CUSTOMERS GOING TO U.S. TO SHOP
24. Perception of consumer that retailer is being greedy
25. Bradford prices are different in the US
26. Cross border shopping
27. Fewer customers from USA
28. Customers asking for cheaper prices
29. NONE
30. PROBABLY LESS TOURISM IN THE COMING MONTHS . WE WILL LOSE THOSE CUSTOMERS.
31. Export barrier
32. The only pitfall right now is products with the American price listed.
33. Example: Customer came in and wanted to pay the US price on the back of this card. I refused and she left the card behind. This for the sake of a few cents. If you start with one object they will expect it on whatever else you sell.
34. Customers are purchasing from US or complaining because of the Media's coverage on the issues. They never thought about it until it was on the news.
35. I'm afraid people will shop south of the border, either in person or by internet. Also, the impression the general public has from the government is that ALL retailers should reduce their prices because of our strong dollar. When in fact most independent retailers buy exclusively from Canadian wholesalers in Canadian dollars. If the wholesalers see a reduction in their costs as a result of our strong dollar I would expect them to pass the savings along to the retailer who would in turn pass it along to the consumer. But, such savings would not be seen until next summer at the earliest, I would think.
36. People expect to get items cheaper than before and even cheaper than the U.S. price. Our suppliers have not reduced the price to us.
37. Lower margins, when I sell something for \$11.99 my profit is \$6.00 if I now sell it for \$9.99 my profit is now only \$5.00 therefore I have to move more product for the same margins.
38. Less and less Canada made product as manufacturers are going out of business.
39. MY U.S. CUSTOMERS LOSE THEIR HIGHER DOLLAR ADVANTAGE.
40. Unstable market place
41. Suppliers are charging us away too much (like 50% more) so we can't compete with our US counter part.
42. The worst is having to drop prices on items we bought from the US and still have in stock. When we bought these items we bought them at higher interest rate but are selling them at a lower price - we are losing money on items we have in stock
43. People going into the USA to shop and a possible drop in the number of American tourists coming into Canada

44. Fewer U.S. customers buying large ticket items. Canadians crossing the border to do all of their shopping.
45. Our export of the finished product has dropped significantly since the spring.
46. With a cruise tourist market as a strong part of our sales, we are losing \$\$ by accepting US @ par in order to close sales.
47. No price changes from US
48. Cross-border shopping
49. My products become too expensive and I will sell a lot less.
50. Customers flocking to the US to purchase
51. Tourism has declined in recent years (since 9/11) and this will be a major factor in a continuing decline
52. Very few American tourists. Americans always think their dollar should " buy more in Canada"
53. I live and own a business that is located 15 minutes from the U.S. border. The nearest town with any kind of shopping is about 45 minutes away. A strong Canadian \$ usually results in more Canadians shopping across the border. As I did when a Walmart opened locally, I continue to focus on specializing in fantastic customer service, and offering a wide variety of unique, higher end products that are not found in any of the major discount stores that most people tend to flock to when they cross the border. All of the gifts that I sell are proudly Canadian made and that in itself is a big part of the draw to shopping locally. American customers are not as plentiful as when the American dollar was at 40% and our products are not as much of a deal as they were but I still have Americans shopping and not blinking an eye at the price tags because the product and service is what they want. I do think that communities as close to the American border could cooperatively offer American currency at par. The loss of exchange would be greatly made up in good will and hopefully increased sales to our American neighbours.
54. Shoppers heading south of the border.
55. I cannot think of any at this moment.
56. A Canadian finance minister who talks without thinking
57. Cross border shopping
58. People will shop in USA more.
59. Buying online
60. At this time, the pitfalls are insignificant. After the Christmas season is over, buyers who make it their business to know market conditions, will surely be more demanding.
61. Consumers are being misled by our Federal Finance Minister, financial institutions and others. It costs more to do business in Canada, so we can't afford to lower prices. How are we to pay for increasing wage, transportation, insurance and other costs...and make a reasonable living. I work hard and expect a return on my investment. I'm not sure retail is any longer a good investment and career choice. Where can someone get good financial forecasting advice? We need to know when to hold them and when to fold them.
62. None as of yet !
63. Honestly, it really doesn't have that many negatives. People will continue to buy, complain about prices and well, life will just go on!!!
64. Present inventory
65. Less and less US tourists.

- 66.** Currently it's the weak US dollar that's the problem. Consumers seem to believe all Canadian prices should reflect the US dollar. Most of our products are not US made and most have not been purchased recently enough for any exchange rates negotiated many months ago by our suppliers to be reflected in the product.
- 67.** Nobody takes into account shipping and GST which are more expensive to Canada
- 68.** My product has always been much less expensive in the states so it doesn't really impact me that much
- 69.** The only pitfall will be if people continue to shop in U.S.
- 70.** Possibly fewer American tourists will be visiting Canada, at least in the short term.
- 71.** The flack I am taking from customers.
- 72.** n/a
- 73.** A large percentage of our customers are American tourists and they are buying less now that the dollar is at par.
- 74.** Loss of customers to cross border shopping. Loss of tourist dollars from US customers although since 9/11 we have seen a huge reduction in US customers and visitors.
- 75.** We lose out on American business, we are close to American border
- 76.** The only pitfall is that when we need to exchange our US currency into Canadian we are losing on the exchange.
- 77.** Customers are buying directly from USA
- 78.** Customer misconceptions of what the effect is in real terms at a small independent retailer; impact on tourist traffic,
- 79.** Few, as my products are almost all imported, and relate to, or originate in the Celtic areas.
- 80.** I can kiss my export business to the USA goodbye
- 81.** Consumers do not understand nor care about the factors that are reflected in the price of individual commodities. All they hear on the news is that prices are too high here vs the US, and should be lowered. In some cases, this is true, but it is certainly not across all sectors.
- 82.** Less American tourists
- 83.** Everyone thinks we should be dropping prices when they don't realize the cost of bringing stuff over from the US. It's definitely not cheaper for us to deal with US suppliers.
- 84.** We as a small retailer are really losing money - the distributors are not helping and are still shipping at rates determined in January - one has even raised prices on some items.
- 85.** We are finding that our customers are being offered much cheaper products from US suppliers (whom many say are much more aggressive in trying to obtain Canadian retailers now), and of course our customers can purchase those cheaper products now that the dollar is stronger.
- 86.** Expectation that current items that are being ordered from factories will be lower in price. Unfortunately, factory prices from China continue to go up due to increases in materials, labor and the fact that the Chinese government is reducing factory incentives. More often than not, the increased factory costs offset any of the benefit of a stronger Cdn dollar.
- 87.** Not much.
- 88.** None really, of course we do not export.

- 89.** No more customers from the U.S.A. are buying from us
- 90.** The speed at which information can travel now lags behind the responsiveness of even the smallest and most nimble suppliers. The smaller more nimble which are by far the best able to react to these trends.
- 91.** Expectations that we should be able to lower our prices on inventory that we bought previously. Also even though the dollar is stronger, the cost of product from the Orient continues to increase due to higher material costs, labor costs and the fact that government is taking away their incentives. Unfortunately, these increases more often than not offset any benefit of a stronger dollar.
- 92.** Customers who complain about the prices still being higher, but not understanding the larger picture.
- 93.** My business is located in a border town, Abbotsford, BC, and as such cross border shopping is a fact. Despite long lineups and customs procedures, the lure of something 'different' and 'cheaper' is still strong.
- 94.** Not much if things line up and stay competitive with US. Edmonton, being further north - the cross-border thing not as evident.
- 95.** None
- 96.** Our exports to the USA are being eroded. We actually find that many small American retailers do not understand how currency shifts can affect prices ~ their entire world swirls around the US dollar as if it is the only legitimate currency.
- 97.** Our sole market is in Canada, and many consumers are crossing the border to shop.
- 98.** We sell through different methods in Canada and the US, and this new on-par or better dollar makes it difficult for our pricing to work out on both sides and seem fair. We will achieve this but it can be difficult.
- 99.** OUR COMMUNITY IS DEPENDENT ON HONDA AND THEY ARE DOING QUITE WELL AND MOST OF THE PRODUCT THEY PRODUCE WILL BE SENT TO THE USA AT A HIGHER COST
- 100.** I was taking a hit on US sales until I raised my price list.
- 101.** More people shopping in the U.S. - internet and cross-border.
- 102.** None!!!!!!
- 103.** Competition from the box stores that are reducing prices.
- 104.** None
- 105.** Hurts us for all our US sales transactions.
- 106.** The strong dollar has only hurt us because of customer complaints, and customers feeling the need to shop in the States rather than here. Being only 1 hour away from the border enables a lot of people from here to quite easily shop Stateside.
- 107.** None
- 108.** Our US customers have suffered as the cost of transportation for the small businessman has soared to a point where we have discouraged sales in the USA.
- 109.** Unable to sell product at par
- 110.** We have old stock of books which show the US price being quite a bit lower.
- 111.** Less tourism
- 112.** Makes complete sense for customers to shop online and save often 50% off our regularly competitive prices.

113. Less sales, last year sales were down 20%. Now because of the \$ going higher, sales will drop again another 10 to 20 %.

114. Exporting to the U.S

115. Increased competition from US vendors