

(Draft Speaking Points for Discussion)

“Respect”

Creating Competitive Advantage One Customer at a Time

Presentation

by

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to

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Introduction:

(Thanks to host etc.)

Good afternoon, ladies and gentleman. On behalf of Wal-Mart Canada it is a pleasure to join you today.

I welcome this opportunity to share our perspective on the 'dynamics' that are shaping the retail industry in our country.

The past two years have been a period of remarkable change as consumers, retailers, and manufacturers experienced the first phase of a '**retail revolution**' that:

- **challenged the status quo**
- **redefined competitive advantage, and**
- **put more power back into the hands of consumers.**

It is a revolution that:

- **values innovation over tradition**
 - **favours performance over past accomplishments, and**
 - **challenges management to change the way they think about doing business.**
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Our Progress:

For all of us at Wal-Mart Canada, the past 18 months have been a challenging and rewarding experience.

Since we announced our plans to enter the Canadian market on January 14 of last year, we have had a once-in-a-lifetime opportunity to transform a company and become a **catalyst for change** ... for our associates, vendors, and customers.

The decision to come to Canada reflected the **strategic role of Wal-Mart International** as a vehicle for **growth and innovation in global retailing**.

We believe that the measurement of an international company is the ability to integrate within the markets it serves and provide meaningful economic and community benefits.

Our progress over the past year and a half has demonstrated that the **Wal-Mart concept of retailing** is:

- **transferable** to international countries,
- **consistent with consumers' desire for value** in the products and services they choose and,
- **responsive** to the need for higher levels of **customer service**.

We enter the final season of this year with:

- **129 stores** - and two slated to open this year
- **20,000 trained Wal-Mart associates**
- **strong market share growth** from 25 % to 40 % of the discount store category, and
- **a highly motivated organization** that is focussed... profitable ... and ready for the next wave in the retail revolution.

Factors for Success:

The retail revolution has proven to be a powerful learning experience. **It has taught us that "business as usual" doesn't work.** There are too many companies chasing too few dollars.

- It's not just a question of market share - its mind share - what you stand for in the eyes of consumers. It has never been more important to offer a **clear concept of what you offer ...** what customers can expect ... and why they should reward you with their loyalty.

We set out to establish EDLP as a distinctive consumer proposition and a departure from the traditional approach to train Canadians to be slaves to sales.

- Our industry is learning that the only way to **"add value"** to the customer experience is **take costs out** of the business.

On the operations side, it means greater use of technology to reduce labour costs and boost instore productivity. On the marketing side it means **avoiding costly sales gimmicks** and significantly **lower marketing expenditures.**

- There is an industry wide need for a renewed approach to **partnering with manufacturers that puts an end to the traditional 'adversarial' relationship.** Retailers must foster an attitude that the company and its vendors **share a common goal to serve the customer.**
- Above all we have learned that in today's environment, **"competitive advantage"** is determined by more than market presence, financial resources or information technology.

Factors for Success (Con't)

As many retailers are learning all over again: **Competitive advantage is created one customer at a time.**

It's determined by the ability to deliver a consistent and satisfying experience in terms of price, product selection, and service.

- It starts and ends with **respect for the customer** and the recognition that we are in business to surpass their expectations - every day.

Consumers are smarter than ever. They are more knowledgeable. And - unfortunately - less loyal. With good reason. **Our industry has not done nearly enough** to show that we value their support and are working hard to earn their loyalty.

They are tired of being taken for granted and offered limited productselection and mediocre service.

They are tired of being enticed to shop on sale - only to discover that the products are not on the shelves.

They are telling us that they want their concerns and expectations to be heard.

- **I believe that respect for the customer will be the most powerful factor for determining success in retailing in the nineties and beyond.**

Today we are launching Wal-Mart Canada's most comprehensive consumer advocacy program to date.

It is based on research findings of 1500 Canadians surveyed by Angus Reid during the month of September - as well as Wal-Mart's ongoingtracking studies and instore research.

We Hear You Canada:

- Entitled "We Hear You Canada", the program is our commitment to consumers to constantly do more to bring down prices ... give customers more choice ... and demonstrate that **we are listening, learning, and working to earn their loyalty.**

"We Hear You Canada" will affect every aspect of our business including: ongoing research to monitor evolving expectations ... product selection ... in store service ... associate training ... vendor relations and community involvement. It will embrace the entire culture of our organization.

(Describe significance of We Hear You, Canada in terms of the way Wal-Mart will conduct its business)

It will become our signal to the marketplace that we are raising the bar and telling consumers that we hear them loud and clear ... and they can expect more.

Conclusion:

We look forward to our customers' response to "We hear You Canada. It was designed with their input. And respects what they have told us they want most from our company.

The reward of retail is the business of serving people. ...And when it's done right, there are few industries that can deliver such satisfaction.

At Wal-Mart, we believe that the best part of our business is not what we know about retailing - but what we have yet to learn. Canada remains a giant classroom where we will continue to listen and learn and benefit from our associates, customers, and vendors.

For those who are willing to rise to the occasion - the future of retailing in Canada will be a remarkable journey. The retail revolution has just begun. Thank you.
