

Merchandise Growth Strategies
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Corporate Speakers

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| • Mark Conway | Walmart Canada | VP - Apparel |
| • Shelly Kiroff | Walmart Canada | VP - Homelines |
| • Lee Tappenden | Walmart Canada | Chief Merchandising Officer |
| • Carol Schumacher | Wal-Mart Stores, Inc. | VP - IR |

Participants

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| • Colin McGranahan | Sanford Bernstein | Analyst |
| • Mark Wiltamuth | Morgan Stanley | Analyst |

PRESENTATION

Lee Tappenden: (audio begins in progress) -- You've heard that a lot this morning. But wherever we can and where ever we are able within the merchandising team in Canada, we are leveraging being part of Walmart.

It's a very important point. You would expect based on geography that that would be easy but it comes with its own challenges with Canadian regulations. But we are really trying our best wherever possible to leverage being part of Walmart.

The second piece is making sure we talk about the Canadian customer. You'll see quite often where we have tailored, where appropriately, we tailor exactly to the Canadian consumer. It's a very important point. Canada is distinctly different than the US. And you will see that in the way we go to market in the products we deliver.

Before I go into the body of the presentation, I just want to give you a quick overview of the bench strength in the merchandising senior leadership team. Today I'm joined by Mark Conway who is our VP of Apparel. Mark has over 20 years in the apparel business, a lot of experience -- depth of experience in product, both from a manufacturing base and a retail base. Mark will be talking to you today in the session about our apparel business.

I'm also joined by Shelly Kiroff who is our VP of Homelines. Shelly again joined the business about six years ago, initially in our apparel business and then moved into home. Shelly also has a wealth of experience for manufacturing as well as retail in product.

Additionally I will call out a few other people on this slide to heighten the awareness of the bench strength and experience in Canada. Les Mann, who's our Senior VP of Food and Consumables. Les has about 35, maybe more, he doesn't quote it, 35 years of food experience in Canada. Les has been absolutely instrumental in our food growth and has been here all the way through the supercenter introduction and growth and is a great asset to our team.

Eric Muir is on the top right as you look at it. Again you'll meet all of these guys on store tours if you have specific questions. Eric is our Senior Vice President of Health and Wellness and Pharmacy. Eric joined us about 3.5 years ago after a long career with Shoppers Drug Mart and is a wealth of knowledge in this part of our business.

I would also call out Todd Sharman, again, will be on the store tours. He's our Vice President of Hardlines. Todd came to us from Canadian Tire about 2.5 years ago. At Canadian Tire he ran effectively all of the parts of the business from a merchandising perspective over at Canadian Tire.

The last one I will focus on will be Oliver Horton. Oliver runs our Electronics and Entertainment business. Oliver has a depth of experience internationally having worked in the UK, the US, and Canada primarily with CPG, packaged goods businesses and then later into retail.

So we've got a real breath of experience and real depth of experience around Canada, which is very important.

You saw this strategy slide at every single presentation and we start every single discussion in Canada using this as our backdrop to make sure that we stay and remain on focus and on strategy.

Merchandising has multiple touch points in terms of our strategic focus. Bottom right will be buy-for-less. You heard about the investment for growth program. Obviously every single merchant is challenged with buying for less and direct imports is a key part that I will come on to talk about in the second. And hand-in-hand with that is making sure we control our inventory as we heard about this morning.

Under Canada's fastest-growing, the supercenter rolled out the merchant team play an instrumental role in making sure we have the breadth for the assortments that you expect to see in a one-stop shop supercenter. And that's a real legacy and a real strength and a heritage that Walmart Canada has around to GM and apparel.

And then finally, both in the top left and the center of our strategy it's about unbeatable price. And I can't stress this enough. It's absolutely in the DNA of the Canadian merchandise team. There is a pride. There is a passion. There is a bordering on obsession with price that goes through the whole organization. And I'm going to talk at length about that in a second.

You saw this also earlier, productivity loop. I won't explain it obviously but for me the simplicity of this is what gives it relevance within merchandising. You will have heard if you joined Jim Thompson's group talking about operate for less. Today, Shelly, Mark, and I will talk about buy for less, sell for less, and how we're driving the top line sales.

So first of all, by for less. And I said one of the key themes will be global leverage and this is really a good example of how we're driving global leverage in Canada. Direct imports growth is one of our top 12 focus for 2012. We have seen significant growth of GM and apparel DI over the last two years. But we've set a stretch goal for the next five.

In the next five years across general merchandise and apparel we will grow our DI business by 67%. That takes us close to a DI penetration of 50% across those businesses. That's a significant change. And there are three key reasons why we are driving that.

First and foremost is to add value back, add value back into the equation for the customer. Secondly, it's about improving the return on investments by going overseas and thirdly, it's about product innovation that quite often people miss in the benefit of direct imports. And I'm going to talk about that later, but innovation is a key part of our business strategy going forward in merchandising.

Not only are we driving direct import growth, we are actually leveraging some other operations of Walmart around the world. Today our supply base overseas has a distinct and significant overlap with the US and the UK businesses. Today 66% of our suppliers also supply either or both the US or the UK.

So we cannot always absolutely tag on to an identical item for Canada based on regulatory changes or laws specific to this country, but we can actually leverage the volume with the same suppliers. We've seen significant improvements in apparel about fabrication and using the same suppliers as the UK out of Bangladesh for example and also seen that on some of our home businesses out of China.

Next I'll talk about the leverage on fresh foods. You saw from Shelly earlier today that the two-year stack of our fresh food growth and it's continuing at that rate. As part of offering the best value to our customers

as a very -- a relatively small retailer on food to begin with, we have to think about how we source product very cleverly.

So we've leveraged two channels. One would be the IPO model that ASDA has with their regional sourcing offices for fresh produce and the second one would be the US-based global food sourcing team.

So today out of all of the product we import on fresh produce into Canada, 80% of it comes from those two channels. So 80% of it we're talking about first cost at point of growing for fresh produce and that has given us a distinct advantage to get the right values for our customers as we started off on this journey for fresh food.

Finally under leverage, I'll talk about the US private label programs. You will see in our stores that we have Great Value and we have Equate. We are not able to absolutely tag onto the items based on a lot of local laws again, but we are able to benefit from the design, the artwork, and the efficiencies that brings to us.

In addition, on Great Value, about 10% of our items actually come from the same suppliers out of the US even if it's not exactly the same ingredient deck. So there are four great examples of how we're leveraging and how we're focusing on buy for less in merchandising.

Shifting gears now in terms of sell for less. And I said at the heart of everything we do is the passion around delivering unbeatable prices and that is really the foundation that is really driven by everyday low price. And you heard this morning about how we have some rigor around our audit process.

The graph up here shows you our price gap to the market on that price average weighted basket over a 52-week, a 12-week, and a 4-week basis. So we've consistently delivered over 11% gap over the last year and the last few weeks we've actually seen and uptake in that gap to the market.

I'll explain a little bit more now about how that basket is made up. So it's about 2,500 items, but with all the different variants and flavors, that's about 24,000 SKUs and we check those prices through a third-party across 26 banners across the whole country. So this was a system, as Dave said earlier that we leverage from ASDA but the complexity in Canada is far greater than the UK based on sheer size, the number of banners, but also the fact that we have a very robust GM business means our basket really does focus on GM and apparel as well as our food business.

So you heard this morning we checked 150,000 prices a week. That in itself is a great thing, but if you have the data it's really about the actions you put into place after receiving the data. I will give you a very specific example of how we work.

Every Thursday at 4 p.m. an e-mail goes out with our price pack to every single merchant. So every single merchant knows exactly where the price gap is by category, where they've won, where they've lost against which banner and on Friday, 9 a.m., we have a meeting to decide actions on pricing.

So we don't let a whole day go by without taking actions where they're needed. I think it's that pride and passion and sense of urgency around price that has enabled us to keep this price gap moving forward in a very competitive market.

We have Rollback, and Rollback resonates very clearly and strongly with our customers. Rollback does complement EDLP. In our apparel and our GM business Rollbacks run over a 60- or 90-day period. So most of our Rollbacks in those areas are for a whole season or close to a whole season.

We do have Rollbacks in our food business and they are on a shorter time line of 30 days. And we work in a very high-low environment. We do have a flyer and we do have some short term promotions, but I would say our price in the marketplace is the most stable and as you can see from the data here we have a very significant strong price gap week in and week out.

The final piece on price is ad match. Ad match was relaunched last year. It been in the market a long time for us. We went on a TV campaign to reemphasize and gain more awareness about ad match. Since that point, the usage of ad match has increased by over 120% in our stores. That says to me that our customers understand ad match. It says to me that Jim Thompson's group have done a great job training the cashiers to make that experience as easy as possible for customers to check out.

The other key point we noticed from our analysis, we dug deep into the baskets of ad match customers. Ad match customers on average spend 50% more in a basket than non-ad match customers. To me, that really dovetails into the fact that we're a growing food business as people come in and shop their weekly and their whole monthly shopping needs. So ad match is a key lever that reinforces EDLP and really does drive trust and loyalty.

I talked about the heritage of Canada around GM and apparel and GM specifically right from the early days of the [wall crack] acquisition had a very robust GM business and within that owning seasons and events was at the heart of that. So we do a very good job today, but we've got an intense focus going forward of getting even better at seasons and events.

The supercenter and the one-stop shop actually enable us to do that and no other retailer can offer everything in terms of family solutions, everything from the Christmas dinner to the gift-giving to the decorations indoor and outdoor. We can do all of that under one roof.

But we always start with one thing on owning seasons events its leverage in price leadership. So if we have a season event we're going to go after and we are going to own, it has to have OPP, it has to have the relevant national brands and we have to have a price gap.

Secondly, something that Todd Sharman is really driven within our hardlines business, he is talking about family solutions. And we're working with Emma Fox and the marketing team to say what is the family really need? What are their complete needs for seasons and events?

And again, something that Todd has also introduced that we're internally calling My First. So whether it be your kid's first bike, your kid's first hockey stick, your first fishing rod, your first camping trip, we want to make sure that we have the opening price point in the market on every single one of My First and be known for that.

And I think this is very important when you think about the immigration coming into Canada, how many new families are moving to Canada every single year and we want them to think of Walmart as the place to shop for their family solutions as they embrace Canadian life.

Finally, all of this is wrapped up with the marketing campaign with one site, one sound from TV to flyer to the whole in-store experience so that it absolutely gels as a single message.

Here is a few slot pictures of our in-store offer. Unfortunately this was in-store last week. You won't see that this afternoon. Easter is one of our dominant categories and whether it be Easter, Halloween, or Christmas, we significantly over trade on confectionery and the nonfood items within those seasons as well.

This is Halloween. Again though one site, one sound message with the flyer and the costumes here, we have a fantastic assortment that we leverage and tag on with the US buy from overseas, and Christmas as I talked about. Everything from the family dining table to gifts, to decorations, all found under one roof.

Food private brand growth is a big enabler for us to drive sales in the future. I'm going to talk today just about food because Shelly and Mark are going to talk in much more detail about home and apparel.

In food we have a two-tier private brand program. First you have Great Value, and Great Value is benchmarked and queued off of the national brand with a 10% to 15% price gap.

Now when you saw -- do the tour stores this afternoon, you may see some Great Value products significantly lower below the 15%. That's because we always benchmark that gap against the average weighted price of the brand that quite often go on Rollback. So often, we will have more like a 20% to 25% gap.

But on Great Value and Our Finest, these products are not promoted, their everyday low price. These are on everyday essentials. We have seen significant growth and our customers really understand what Great Value means. So currently you have about 1,500 items and we plan to introduce another 200 this year in 2012.

The Our Finest, which you would have tasted last night if you had the cheesecake and the appetizers was a brands that we launched at the end of last year. It's a second tier. It's a more premium quality, premium ingredients, and a lot of innovation in that product.

We were absolutely blown away by the success of this in the last quarter as you run up to Christmas and with limited marketing support customers understood what it meant straightaway. So we have some very aggressive plans. We are very excited about what this can do for us in this year. So we are going to add another 185 items to Our Finest this year.

The third brand, and it's not a third tier, but it's actually within our fresh food business across deli and bakery. We would have called this market side which would have been again a leverage out of the US but that name was trademarked here in Canada. So we called it your fresh market. We've taken all the same cues around artwork and look and feel and we're going to focus your fresh market around deli and bakery launching end of this month, beginning of May. And that's going to really add a great deal of credibility to our food offer.

So with that combined with our finest and our growth on supercenters and fresh food being known as a credible food offer is very important.

All of that said, our goal is to double our private brand penetration by 2015. This is an accelerated goal but one we feel very confident we can hit. So with that said, I'm now going to move to apparel and I'm going to ask Mark Conway, VP of Apparel, to join me on stage. Thanks Mark.

Mark Conway: Thank you very much, Lee. I'm going to set the tone right now by opening with our current commercial. If you don't mind running that these

(VIDEO PLAYING)

Mark Conway: So now I've ended my presentation with where we are today. I'm actually going to take it back to just 18 months ago and up on the screen you'll see the amount of private label brands that we had on the floor, 19 in all. And as you can see there's a certain amount of confusion in that offering.

Here's where we are today. We took the brand with the most equity being George and we consolidated those 19 brands under that one offering. We also added G-21 which is a derivative of George for our junior customer. We added George Classic for our more mature customer and of course George Baby.

We also kept one more which is called AW which hopefully you'll see in the stores today which also have really great equity. The formula that we used to galvanize ourselves behind for our George modern brand strategy was unbeatable price, style right, and dependable quality. I'm going to take you through each of those.

We always start with price. It's who we are as a company and it's in our DNA as merchants. Price is about being unbeatable, but price also gives relevance to the other elements inside of the formula. It is style right at unbeatable price. It is dependable quality at unbeatable price.

When you combine those factors together you get the wow. And what do I mean by the wow? That's when our customer takes the product out of the bag and starts with guess how much? Or that wash really well. Through that satisfaction that they gained we create value and loyalty.

So price is obviously where we start and we say we are unbeatable but we don't just say it, we mean it and we prove it every single day. We are a destination for value. Price helps us with that value proposition. It's about giving the customer more when they buy a product than they expected for the price they pay for it. That creates value.

We recently extended our rollbacks to 60 days giving our customers more value for longer, hard strategy to argue with. We established through learnings from our consumables team something called the never be beat list.

This is a list of items that our customer trust is on the most. We never want to lose sight of that trust so we ensure that we are never beaten on those items. As you saw from the kids commercial, our customer focuses on her kids first and therefore so do we. It's part of the family strategy that I know Emma has talked you through.

But of course we want to be price leadership inside of kids. We want to offer affordable fashion that is style right that injects color and fun into the range. We want to give everyday needs and we want to make sure that in those everyday needs that it has the availability that she's looking for.

I talked to you about the color and the fun but we also want to add that, which you'll see in the next six months, into our in-store experience as well to help us become that real destination for kids. We can also inject a lot of color and fun through the brands that we have including one of the best ones, Disney.

One of the most important aspects that we launched over the last 12 months is our kids quality guarantee. As I said before, it's about dependable quality. If an item wears out before that child outgrows it, we will gladly replace that item. That is the guarantee that delivers dependable quality and our customers responded exceptionally well to that.

Essentials are the backbone of our business but what are the essentials? Yes, they are the socks and underwear. They are the tanks and T-shirts that you were mostly as layering pieces but they are also the denim jeans that you use every single day. We are today the destination for those essentials. It is something that we are committing to our customer to really help her focus on at the time that she needs it the most.

Again of course and you'll never stop hearing us say this, we will do that through unbeatable price. But we are also going to do it through an assortment breadth and depth that our customers come to rely on us for. We also want to be best in class in stock. We want to ensure that this very important category is in stock when she's ready to purchase it.

This is good inventory. This is inventory that doesn't have the same expiring date as fashion. This is inventory that our stores want and need and have available for our customers.

So in summary, through the George Mono brand rollout, we focus on unbeatable price, being style right which you will see in the stores today, and dependable quality which I think you will agree when you touch and feel our products.

We have raised the bar on value in the Canadian marketplace in apparel. There is no question about that. We've become the destination for essentials over 18 years and were going to further drive that forward. We are today and we will continue to be the first choice for the entire family for their apparel needs.

So with that, I'm going to handover to Shelly Kiroff who is going to walk you through homeliness. Thank you.

Shelly Kiroff: Thanks Mark. Good morning everyone. I'm Shelly Kiroff, Vice President of Homelines and thanks for joining us today. I'm going to take the next few minutes and I'm going to try to catch us up on some time to walk you through the Homelines growth strategy.

It's important to understand that this strategy is based on learnings from our customer, and our customer told us what's most important to her. She told us she's looking for a wide selection of quality products at unbeatable prices in an easy to shop and easy to buy environment.

And based on this, we've build a simple three tier growth strategy. Number one, growing private brands. Number two, expanding national brands, and number three, delivering unbeatable prices every day. So let's start with our first strategy of growing private brands

This is an important part of our assortment strategy. It allows us to bring newness and innovation to our customer at unbeatable prices and as Emma Fox would say, it's about the real value for money. Now our goal here was to simplify her decision at shelf by editing our assortments and making it easy to shop and easy to buy. We call this edit to grow

Two years ago our floor was fairly cluttered and you can see this on the left. We had a wide array of private labels, vendor labels across every style and quality hierarchy and to be honest, it made it really tough for her to shop. Today we have simplified our assortment strategy against that clear good better best hierarchy that is heavily weighted in opening price points. And on the far right, if you look at our brand pyramid and you start at the base of the pyramid, we'll start with Mainstay.

So Mainstay is our most mature brand. You heard a lot about leverage, its leverage from the United States. The good news here is we have the opportunity to leverage the best ideas, products and programs from the US and vice versa. Mainstay's commitment is about delivering the very best every day essentials to our customer at unbeatable prices and it's the largest portion of our assortment today.

The second tier and the newest member to our family is Home Trend. So we talk to our customer and she said she's looking for style and she's looking for trends but she doesn't want to pay a lot for it. We've brought Home Trends forward to deliver upon that style and trend solution for her entire home at unbeatable prices. And we call this style select.

The third tier in our brand pyramid is national brand. And we know our brand aspirational customer is looking to us to bring her her favorite national brand at unbeatable prices. And Walmart Canada has had some good success in this arena to date which brings us to our second strategy, growing sales by bringing national brands for less to the market.

So again, our customer said she is looking for newness and innovation from her favorite national brands and I would say last year was a breakthrough year for Walmart Canada. We identified the top tier national brands and we've built long-term sustainable partnerships with these organizations. These partnerships resulted in positive sales comps, market share gains, but most importantly they built loyalty with our customer.

Walmart Canada is unique in this arena. And we're the first global country to launch brands such as [Osco, Henkles], and KitchenAid. Walmart Canada is also a destination for chef labels such as [Catfora] and you will see that on your walk today.

So national brands for less is definitely a winning formula for Walmart Canada and one that will continue to evolve with our portfolio. You heard Lee talked about growing sales with events. Last year we embarked on a very first, we called this our kitchen kick off for Christmas.

We took a wide array of our national brands, we featured them at unbeatable prices, we executed one site one sound marketing campaign, so the customer experience the same in flyer, on floor, and via the Internet and I will tell you that the results exceeded our expectations.

The final strategy for homelines and really the backbone of our organization is delivering everyday low prices to our customer. She told us that value is the most important attribute. It's number one on her list. And we're committed to delivering everyday low prices on those core commodities reducing her overall weekly shop.

I'm going to share with you a program we launched last year which is our dollar program. We took a look at the competition's top traffic driving areas and we built better quality at a dollar. When you walk the floor today you're going to see dollar programs but not just in homelines. You're going to see it in plastics, you're going to see in gadgets, you're going to see it in hardware, and you will see it in food.

As Lee referenced earlier you will see it on our side counter. And our goal here is to commit to our customer to deliver her a one-stop shop so she does not need to make another trip.

So in summary for homelines, we listen to the customer, we built a clearer three tier strategy that's about growing private brands, expanding our national brand portfolio, and delivering everyday low prices to our customer. And by focusing on these three areas we will ensure we save Canadians money so they can live better. And now I would like to invite Lee Tappenden back up to the stage. Thank you.

Lee Tappenden: Thank you, Shelly. Before we wrap up a merchandising presentation wouldn't be a merchandising presentation without product. And I talked about innovation and last year we took the team overseas to China and looked at a vendor summit to talk about product.

I just want to talk about a couple of examples that are now going to be in our stores this summer. This an example the Todd Sharman's team came back with. Talking about owning seasons events, this is a camping lantern but it is also an MP3 docking station. So this is something they found when they were over in China that no one else has. It's a simple thing but actually very exciting for customers.

You press here and out come the speakers. This is a classic example of how we can create some excitement in our stores and that sort of treasure hunt mentality. It's not just about OPP although we have to have the brand, we want customers excited to come into our stores.

I'll give you one other example from Shelly. Shelly talked about opening price points and she has a great summer plastics program. Leveraged after the US at \$1, a more vibrant color palette than the US because that's what's right for Canada. But then she launched these items and these have just hit our stores.

These are summer plastics items that we put in and have blown away our expectations. It's this sort of innovation and color and enthusiasm from the merchants that is really going to help us on GM going forward. And the key thing that Shelly has done in her area is this color palette will now transcend across all of home. So we've got a product development team that spans all of home to give one look, one feel as if one buyer bought the whole store.

That's just a couple of examples before I wrap up. Carol is giving me the glare now. So key takeaways. Global leverage is part of everything we do and a key lever of that will be growing direct imports on general merchandise and apparel.

Secondly, price leadership is at the heart of everything we do. It's about EDLP but it's also about delivering opening price point in every single category. We want to drive our business in seasons and events and a lot of that will be driven with some presence around national brands.

And finally, as you heard from Diane last night, growing private brands is very much a key part of Canadian customers expectations and we have a very aggressive plan in place. Thank you very much for your time I'll now handed over to Q&A.

QUESTION AND ANSWER SESSION

Carol Schumacher: Okay. Collin, first question.

Colin McGranahan: Just on apparel -- it's Colin McGranahan, Sanford Bernstein. On apparel, as you gone from that kind of hodgepodge of a lot of different private brands to the George mono brand over, I guess it's over the last 18 months or so, can you share any results, how has apparel trended? Have you seen better traffic? Have you seen better ticket? Have you been growing market share? How successful has the strategy been so far realizing that it is not been in the marketplace that long?

Unidentified Company Representative: Thank you for the question. When we launched the mono brand obviously we did it with a very 360 view and one of the biggest indicators has been the recall recognition that has moved from the number three private label brand to the number one in just 18 months. And the gap is quite significant. That's one of the biggest measures of success.

What I'll also say to you is obviously sales have been very successful. We've also more recently moved into the number one position in market share according to NPD. So I think there is a lot to take away from that.

Carol Schumacher: Next question, Michael.

Unidentified Audience Member: Following up on apparel, can you talk about the impact of Fast Fashion here, Forever 21, H&M, that type of thing? And how you're anticipating it going forward?

Unidentified Company Representative: Fast Fashion has actually always been there and we've actually gotten extremely strong Canadian competitor, the [YM Group], who have very much focused on that which if you go out to the malls you will see under their banners of stitches and sirens et cetera.

So that's always been in our marketplace. There are obviously a number of competitors come into the market that play at many different levels. Fast Fashion is an element of it and you have seen that happen obviously Europe and we've seen it happen in the US.

Canada is no different in that regard. Specific retailers that have come in and done that have done that exceptionally well. I would say that our core customer bases very much appreciate where we have taken our G 21 brand and try to give them this level of assortment and offering in a quicker time frame.

And we actually have a process in place led by Linda Fittler who you'll meet today to actually the Fast Fashion portion of that segment.

Unidentified Company Representative: Just to add to that as well. Mark touched on the G-21, but you think about the core of our customer about essentials and about kids. We have focused on the right parts of our business that drive volume and drive momentum. G-21 is one part of it, but it's not really the mainstay of our business. We feel very confident about the Essentials part and the price position and the basics as well.

Unidentified Audience Member: I know what are the things that Walmart has been doing in the US is more localization merchandising strategy. When we going to stores, will it look a lot more localized in the stores then you see in the US? Is that still something that there is still a lot of it to come? How difficult is that to do to really try to localize?

Unidentified Company Representative: Thank you for the question. I think having been here 18 years we have taken a lot of learnings over that time and with the multicultural dynamic of the population in Canada it really drives the need for what we call store of the community.

So we have a dedicated team that works on the spectrum data in terms of demographics as Shelly talked about earlier so we do tailor our assortments. Again, as she said, 80% standardize, 20% tweet. But you will

see in food especially we are making big inroads into Chinese and Southeast Asian food because it's brand driven and we actually tap into our Chinese team and our Indian team oversees to help us with that assortment change.

Unidentified Audience Member: Like if you're going -- I would use baseball but I'll use hockey. If you're going to look at periods or whatever, however you want to do it, how far along do you think you are in this getting that right? Because it feels like it could be tremendous and dramatic if you get that right. It feels like also -- thinking about when Target comes in, they're more centralized management team. You guys have tended to be more localized. I wonder if getting that done ahead of them coming in is something that is part of your strategic thinking as well.

Unidentified Company Representative: It absolutely is a focus for us. I think it's an ongoing journey, but if I was to segregate it I would say, if you look at our rural stores for example, I would say we're 80% to 90% of the way. We have very tailored assortment. We get great feedback from our store managers and our district managers. We listen a lot to our stores and we act and that's built into our overall programs. That's very well-established.

On the food side, in terms of ethnic food of Chinese and Southeast Asian we're probably 40% of the way on that journey. I think that just reinforces the upside we have ahead of us and we got great focus on that.

Carol Schumacher: Okay, Mark, you got the last question.

Mark Wiltamuth: Mark Wiltamuth from Morgan Stanley. On the food penetration for private label, you're talking about doubling it, where's the number today? And then flipping over and looking at private label for the apparel, one of the retailers appear up here has gotten some traction with private label was Joe Fresh at the [Lablos] banner. How are your price points in quality lining up with some of those products?

Unidentified Company Representative: Okay. I'll answer the food and hand over to Mark for the Joe Fresh question. The double private brand penetration was actually total business, so that's our goal. We don't divulge our actual penetration on PB today. I would say that the apparel business is well-established in private brands so that's not going to significantly move the overall needle in terms of growth.

I think you'll see that in home, in a lot of the work that Shelly is doing on Home Trends. But the vast majority of the growth will come through food private brand as where we see the real upside. Joe Fresh, Mark --

Mark Conway: There are a number of competitors out in the marketplace under private brands which you mentioned one of them. What I will say to you is one of the biggest advantages that we have here in the apparel section in Canada is that we get to leverage a lot of really good learnings both from our US and from UK.

So when it comes down to specifically around quality you saw that, it's a very big focus of ours. But actually learning the knowledge that the George UK has done in terms of European fashion and also leveraging some of the great work that Lisa Rhodes who's around has done in the US in terms of very much focused on the basics really allows us to pull together as a global business to take on whoever comes into town.

Carol Schumacher: And I think what you will see as you go into the store is you'll see a lot of both the merchandising team and the operations team and they'll certainly be able to answer any other questions that you have. So let me kind of go over where we are because we do have to try to make our transition to the store tours pretty quick.

As you exit through these doors, let me go over, those on bus one and bus one is the bus that will end up at the airport after the tours. So if you are heading to the airport at the end of the tour's make sure you are on bus one.

Grab your luggage. You want to have everything with you and you want to also grab a box lunch. There are a couple of products in there that are our own private brand products so you get to sample those on the bus. We also will have a couple of demo stations set up in a couple of the stores.

If you are on bus two and three, those buses will be coming back here for the closing reception tonight. So again, bus one, make sure you have everything with you and grab your lunch and at this point that concludes our webcast. Thank you all for joining in.