

SHOPPING

Big bucks, but bad borders

Last week, while she was stuck at the border between Buffalo and Toronto for more than two-and-a-half hours, Patricia Schindelheim decided she would not be returning to the United States to do her holiday shopping next month.

A Toronto-based marketing manager and regular cross-border shopper, Schindelheim thought, with the Canadian dollar reaching all-time highs and the holidays just around the corner, she would head south in search of the great American bargain.

So did everyone else. The malls were over-crowded, the customer service was non-existent and the border waits were intolerable, she says. Despite finding a couple of blowout sales, Schindelheim says there wasn't really much that she couldn't buy in Canada for comparable prices.

Such stories are becoming more common, and they have small Canadian retailers breathing a little easier with their busiest season upon them at a time when so many shoppers are being lured south by the hope of big savings.

Many retailers are convinced Canadians will remain faithful to local shops, which offer personalized service, exclusive products and increasingly lower prices. At least that's what they're hoping.

"There is a uniqueness in neighbourhood stores that you aren't going to find in American malls, even if you do save a few bucks," says Ra-



chel Chester the owner of Red Pegasus, a boutique on College Street in Toronto.

While critics continue to accuse Canadian retailers of charging too much for goods available on both sides of the border, shop owners maintain the costs associated with importing goods has kept their prices high.

"The cost of doing business in Canada comes at a premium," says Derek Neighbour, VP of national affairs with the Retail Council of Canada. Retailers not only have to pay significant import duties on all goods they bring into the country, they also have to factor in health benefits, em-

ployment insurance and higher wages, he says.

Neighbour says retailers purchase their goods six to nine months in advance at fixed exchange rates, making it very hard to lower prices suddenly without losing money.

"The only thing we can do is be a lot more aggressive with our mark-downs," says Ilana Markowitz of Davids Footwear and Capezio Shoes.

Smaller retailers have also stepped up marketing to combat dollars heading south. For Natalie Szabo of Ottawa's Pom Pom, Frou Frou, the Sassy Bead Company and Bank Street Framing, that's meant an unprecedented number of fashion shows.

"I wish people would see the big picture," says Szabo. "Shopping in the U.S. may result in short term savings, but it's only hurting our local economy in the long run."

But the best hope may continue to be bad experiences south of the border by discerning shoppers like Schindelheim.

"A lot of my co-workers have been going to the States recently and no one is really raving about the deals," she says.

"This Christmas I'm going to stay in Canada and support our local economy because it not only feels better but it also allows me more time to search for the perfect gifts."

— Hailey Eisen, special to 24 hours

Enticing shoppers:

Who needs to cross the border? In the age of the Internet, comparative shopping can be done online to save gas, time and energy and many are logging on rather than risk the lines at the border.

Between 75 and 80 per cent of the most popular U.S. retailers that sell on the Internet ship to Canada. And many U.S. catalogue retailers are stepping up marketing efforts this year in Canada with newspaper inserts and free shipping during the holiday season to entice us to spend our high-flying Canadian money.

Lands' End, part of the Sears empire, introduced free shipping to Canadian customers who cannot find items they want in the Lands' End section of their local Sears store. Now they can order those goods online at the store for no extra charge.

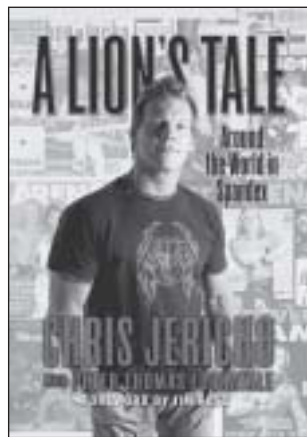
On the flip side, the Retail Council of Canada encourages consumers to write letters to suppliers demanding fair costs and necessary savings in line with the rising Canadian dollar. For more information visit: www.retailcouncil.org.

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