

For Immediate Release

Wal-Mart and Future Shop are Canada's Leading Retailers for Entertainment Products

TORONTO (August 18, 2003) – Wal-Mart and Future Shop are quickly becoming retail powerhouses in the sale of DVDs, music CDs and digital lifestyle products ranging from MP3 players to home electronics. These results are among the findings in the *Entertainment Retail Monitor*, released as part of an independent consumer trend study on technology, media and entertainment conducted by [SRG](#) (Solutions Research Group Consultants Inc.).

Wal-Mart is a leading destination for entertainment products – for both content and hardware. It ranks #1 in market share by a significant margin in the burgeoning DVD category, and places #2 in both Music and Electronics categories. “The chain has traditionally been strongest with the 30-49 female segment but our tracking shows that it is increasing its reach with other demographic groups, particularly younger Canadians and males,” says Kaan Yigit, a Partner with SRG and the Study Director.

Future Shop is the leading retailer for Canadians buying electronic/digital equipment – it ranks #1 in Electronics, #2 in DVDs and ties #4 in Music. “The Future Shop brand is strategically well-positioned as a ‘go to’ destination to take advantage of the rapid adoption of entertainment and communication technologies as the ‘electronics’ category morphs into a new ‘digital lifestyle products’ category. Its presence will likely be bolstered further with the market entry of its sister banner, Best Buy,” observes Michele Erskine, a VP with SRG.

Among other findings of the study:

- Share of traditional music retail is declining as discount retailers grab share. Music retail stores account for just under half of music sold in Canada (49%), down from a peak of 57% in 1998.
- Despite heavy competitive pressure from Wal-Mart, Future Shop and regional players A&B Sound in the West and Archambault in Quebec, HMV continues to be the nation's leading music retailer, with dominant share among teens and young adults.
- Wal-Mart quadrupled its music market share from 4% in 1998 to 17% in 2003, as the 25+ age group begins to account for a higher proportion of music sales.
- With DVD retail purchases expanding rapidly, the rental market is declining – 61% of Canadians rented videos or DVDs in 2003 compared to a peak of 75% in 1998.
- Blockbuster is the dominant rental source for DVDs and videos, accounting for over one-third of all rentals in Canada.

“Our research suggests that the next few years will likely see the emergence of ‘converged’ entertainment retail destinations defined more by the lifestyle of the target consumer than a product category,” suggests Yigit. Citing the sale of the latest Harry Potter novel in A&P grocery stores, Yigit observes: “we also expect to see further fragmentation and competitive pressure from the entry of non-traditional retailers into the entertainment marketplace.”

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The information for this release comes from the 2003 edition of *IN THE NAME OF COOL*, an independent consumer trend study on technology, media and entertainment conducted by SRG. The study is based on a scientific telephone survey of 1,500 Canadians, aged 12 and older in February 2003. The sample for the study statistically reflects the regional and age/sex composition of the Canadian population. The results of the survey are accurate to ± 2.5 points for the population as a whole, 19 times out of 20.

Along with its 1996, 1998 and 2000 editions and the 2001 update, *IN THE NAME OF COOL* represents the most comprehensive independent consumer trend study on technology, media and entertainment in Canada, with over 7,500 detailed interviews conducted over a 7-year period. The emphasis of the 2003 edition is on interactive and digital technologies.

This is the fifth of a series of data releases from the study. For more information on this or past releases, go to www.inthenameofcool.com or www.srgnet.com

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