<http://www.theglobeandmail.com/globe-investor/investment-ideas/reitmans-dominance-helps-it-take-on-retail-sectors-hurdles/article574482/>

additional challenge that concerns investors: Competition from larger international rivals who are expanding into Canada, spurred by a relatively healthy Canadian consumer and low barriers to entry. The new arrivals include U.S.-based Forever 21, H&M of Sweden and Zara of Spain.

The Montreal-based retailer manages to keep costs low with economies of scale. It operates almost 1,000 stores across the country, which gives it bargaining power with landlords and a consistent customer base. It also has a well-tuned supply chain, assisted by a purchasing office in Hong Kong that helps keep the company closely connected with local suppliers.

In this environment, Mr. Morris is cautious about Reitmans' fortunes, questioning how the merchant will spur growth and manage cost pressures.

internal and external growth opportunities for Reitmans in today's challenging environment. Three of Reitmans' banners are still relatively small. Smart Set, RW & Co. and Cassis offer the best growth potential within the company, while acquisitions remain a likelihood for driving further expansion, he says.

lingerie retailer La Vie en Rose, partially owned by Caisse de dépôt et placement du Québec, is another potential target, he adds.

From annual report

The majority of Reitmans’ merchandise is moderately priced and targeted to appeal principally to young and contemporary customers.

**3 year summary:**

Year ended February 2, 2013

April 2012, the Corporation closed the last remaining store in the Cassis banner refocusing its sales and merchandising efforts by converting the stores to other banners

June 2012, the Corporation installed a new warehouse management system as an integral part of a significant upgrade to its merchandising and supply chain operations

Complications associated with the system resulted in a disruption in the flow of inventory to stores in the third quarter of fiscal 2013

[Improvement in inventory moving forward??]

Partnered with EziBuy Ltd. (“EziBuy”), a New Zealand based retailer, in November 2012 to sell Addition Elle merchandise through its online sales channel

In fiscal 2013, the Corporation undertook a comprehensive review of its global sourcing strategy and execution with a goal of reducing lead time for bringing products to the market

[Improvement in inventory moving forward??]

corporate initiative aimed at reducing overhead across the organization was introduced

[Followed by reduction of SG&A]?

Year ended February 1, 2014 (“Fiscal 2014”)

From March through July 2013, the Corporation launched e-commerce websites for the Smart Set, RW & CO. and Thyme Maternity banners with fulfillment through the Corporation’s distribution centre

July 2013, the Corporation entered into an agreement with Sears Canada to offer Penningtons plus-size apparel in select Sears stores, as well as online at sears.ca, in Canada

significantly reduced its capital expenditures in fiscal 2014 and continued its initiatives aimed at reducing costs across the Corporation

[why? Short on cash]?

processes targeted at improving efficiencies and an in depth review of marketing expenditures.

[reduction in 2015]?

Year ended January 31, 2015 (“Fiscal 2015”)

[closed Cassis banner in 2012]

Over 12 to 18 months, the Corporation plans to convert approximately 74 of its remaining Smart Set stores to other banners while closing 20 stores.

March 2015, the Corporation launched a Penningtons product offering through Amazon.com in the U.S., providing an introduction of its plus size offering in the U.S. market

**Stores:**

April 4, 2015, the Corporation operated a total of six retail store banners consisting of 337 Reitmans, 87 Smart Set, 79 RW & CO., 68 Thyme Maternity, 138 Penningtons and 105

Addition Elle, for a total of 814 stores.

expects to open a total of 6 new stores: 1 Reitmans, 2 RW & CO., 2 Penningtons and 1 Addition Elle.

[Who will it compete against]?