

## ZARA HOME READIES FOR CANADA'S POST-IKEA CROWD WITH MACKAY & CO.

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There appears to be a major throw pillow fight brewing in Canadian retail. European home décor retailer **Zara Home** yesterday confirmed the opening dates for its first two North American stores: the first at Toronto’s Yorkdale Shopping Centre on Aug. 22, followed by a second location in Laval, Que. a week later.

Part of the Spanish multinational **Inditex Group** – which operates more than 6,000 stores in 86 global markets under banners including Zara, Massimo Dutti and Pull & Bear – Zara Home specializes in bedding, table and bath linens as well as furniture, tableware, cutlery and decorative objects.

It is the newest addition to what **Anthony Stokan**, a partner with Toronto-based retail consultancy **Anthony Russell Inc.**, called a highly competitive and saturated retail segment, represented by the likes of **TJX Canada’s** HomeSense and **HBC’s** Home Outfitters.

ZARA HOME

According to Stokan, home décor also remains “the bread and butter” of department stores – both for mass merchandise stores like Walmart and Target, as well more upscale retailers such as The Bay.

“It’s a very exciting category to grow the fashion business,” said Stokan. “We’ve probably seen more action in this arena in Canada over the past 10 years than we saw in the previous 50 years.”

Canada becomes the 38th market for Zara Home, which was established in 2003 and now has more than 370 stores worldwide. Stokan predicted that Zara would enter the Canadian market cautiously however, ultimately opening no more than a dozen stores across the country.

“They’re not in the position to compete on the same level with the already established players in the category,” said Stokan.

“That in no way undermines the offering and what they’re doing, because what they have is a spectacular product,” he added. “The only surprise that’s going to occur is when consumers who are accustomed to really fashion-forward and incredible value at Zara go to Zara Home. They’re going to be surprised that the price points aren’t as competitive as they are on the fashion side.”

Stokan identified Zara’s primary customer as “urban millennials” whose style has just evolved past IKEA. “It’s that person that is really starting to develop an understanding of the kind of home décor they want to have, and a relating to a very luscious, feminine mystique,” he said. “It’s getting the designer look without the designer.”

Zara has tapped Toronto’s **MacKay & Co**, a boutique PR firm specializing in retail and luxury goods, to oversee public relations for its Canadian launch. MacKay & Co.’s clients include Tiffany & Co., Hermes, Cartier, Club Monaco and Tip Top Tailors.

The agency picked up the account without a review, having conducted a social media campaign to launch the Canadian e-commerce operations for fashion retailer Zara earlier this year. The campaign garnered more than 1,000 tweets, 110 print and online stores and total reach of more than 109 million people according to agency founder **John MacKay**.

“I think they felt we understood who they were and that we speak their language,” said MacKay. “They’re not luxury goods, but they function like a luxury goods brand. The companies we work with tend to have a very clear sense of themselves and it’s really important to them that they find an agency they think can communicate for them effectively.”

MacKay & Co. plans to do media events in both Toronto and Montreal leading up to the Zara Home openings, followed by opening day activities.

## THE E-COMMERCE EFFECT

Canada has become a magnet for major European and U.S. retailers in recent months, which Stokan said is being fueled in part by flagging brick and mortar sales in key markets such as Europe and the U.S., where e-commerce is having a profound impact on retail sales.

“The expansion opportunity in the bricks and mortar side is not a viable option for well-established retailers,” he said. “A lot of retailers are actually looking to decrease their square footage.”

Stokan said that Canadians continue to prefer a more tangible shopping experience, particularly in sectors like fashion and home fashion. “Canadians are still embracing all those categories at the store level,” he said. “As a result of that it makes sense to come into a marketplace that is not over-retailed and isn’t experiencing the kind of exponential e-commerce growth we’re seeing in Europe, the U.K. and America.”

Stokan said that much of Canada’s e-commerce activity tends to come in the entertainment category (books, music, etc.) as well as travel. Canadians prefer to buy things online that are “intangible,” such as a hotel room or an airline ticket, he said.

Zara Home’s Yorkdale location is also part of a trend that has seen the North Toronto shopping centre become a go-to destination for international retailers. Companies including J. Crew and Crate and Barrel have previously made a home there, with planned new additions including Mulberry, All Saints and White House Black Market.

Yorkdale is among the top five sales producing/performing centres in North America said Stokan, attracting more than 2.5 million visitors a month. At least two thirds of those visitors are women, and at least half of which are in the fashion-savvy 25-45 year-old range, which Stokan called the “most sought after and revered” target for mall operators.

“It’s a win win for Zara to open their first store in Canada as prestigious as Yorkdale,” said Stokan.