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Bay flagship of revitalized Zellers chain

Most city stores get facelift

By: Geoff Kirbyson

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KEN GIGLIOTTI / WINNIPEG FREE PRESS [Enlarge Image](#)

Zellers store in downtown Bay part of revitalized chain.

It's no longer just about saving the downtown Bay store, it's also about revitalizing the presence of its sister company.

Zellers will move into the basement of the historic Portage Avenue landmark later this year, the first time the two iconic retailers have shared the same address.



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Zellers CEO Mark Foote, with the blueprint for the Zellers store slated for the downtown Bay's basement. (PHIL.HOSSACK@FREEPRESS.MB.CA)

Why Winnipeg?

ZELLERS chose Winnipeg to test out its new format over cities such as Calgary, Ottawa, Hamilton and Edmonton because it has a good base of stable stores here and there's no spillover from other areas from an advertising and marketing standpoint.

"Winnipeg was the best opportunity for us to see what the strategy will do for us. It's a very competitive and discount-oriented market. (Our concept) can be proven here before we take it to other cities," said Mark Foote, president and CEO of Zellers Inc.

With the pending arrival of its sister company Zellers in its basement, the Bay has taken a critical step toward ensuring it remains in its longtime downtown home.

The Portage and Memorial landmark opened on Nov. 18, 1926. Part of the company's retail strategy as far back as 1910, construction was delayed until 1925, first by the First World War and then by the post-war development of the legislature just down the street.

The move is part of a \$15-million to \$20-million renovation planned for seven Zellers stores in Winnipeg this year. Phase one calls for construction to begin on overhauls at five stores -- Polo Park Shopping Centre, Kildonan Place, Northgate Shopping Centre, Southdale Mall and Grant Park Shopping Centre -- in May.

They will all remain open during the renovations and have their grand reopenings in August. Construction downtown and at the Fort Richmond store will start in the summer with the ribbon cuttings scheduled for Nov. 4.

Mark Foote, president and CEO of Zellers Inc., said the overriding goal is to make the stores easier to shop at for consumers. That means considerably wider aisles, a streamlining of items on the shelves, a more prominent placement for pharmacy and a renewed focus on departments for mothers and children, toys, bed and bath and kitchens.

Chief among changes will be the introduction of a "full-convenience food market," which will feature fresh fruits and vegetables, dairy, breads, meats and dry goods such as cereals, cookies and granola bars. There will be a significant candy department in each store, too.

Not every location is being renovated, however. Its Henderson Highway store in the River East Plaza, even though it was profitable, will close next January.

"It's a lease termination. The site is being redeveloped by the landlord. It was quite a good store for us," he said, noting the 80 employees will not be laid off and will instead be redeployed at other stores in the city.

With its high ceilings, large floor plate and less-than-optimal value of merchandise per square foot of retail space, the Bay isn't done looking for tenants. Company officials have said for several years it would prefer to move all of its goods into the lower couple of floors while leasing out the top four.

"It's an incredibly historic building for us. It's important that we put our best foot forward," Foote said.

Sandy Shindleman, president and CEO of real estate developer Shindico Inc., which has been tasked with filling the space with other retailers, said it's "great news" Zellers is moving into the basement. Not only will downtown residents continue to have access to food and pharmacy, staples of the basement space for many years, but its arrival will also kick off a much-needed renovation to the building.

"We're at a stage now where we have suspects identified to use a couple of floors and we need to find tenants for a couple of more. Pricing is being pursued now. Hopefully, we'll be able to come up with the financial (situation) required for everyone to succeed and see new tenants go into the Bay," he said.

The 67,000-square-foot basement is about 13,000 square feet smaller than a small Zellers store. It also has fewer access points, which Foote said will be partially alleviated by the installation of another escalator.

He said he doesn't believe either store will cannibalize the business of the other as they don't share price points or many products on the shelves.

"Zellers focuses on high-frequency goods at a relatively low price. That's not an area the Bay intends to focus on," he said.

geoff.kirbyson@freepress.mb.ca

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