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Japanese tycoon Hirotake Yano, CEO of Daiso-Sangyo, at the company's store in Richmond, B.C., the first outside of Japan.

## Discount chain lands in Canada

### DAISO

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Daiso-Sangyo, which is controlled by Japanese billionaire Hirotake Yano, owns some 2,500 Daiso stores across Asia with annual sales of about \$6.3-billion.

Under the deal, Mr. Fung's company also gets exclusive North American rights to the brand. His plan is to open a string of corporate stores in major U.S. and Canadian cities, and to sell franchise rights for the smaller centres.

The Richmond Centre store opened last month and has exceeded expectations.

"Our partners are very excited," said Mr. Fung, who added that the store has broken sales and traffic head-count records for opening stores.

Richmond Centre has been open less than a month and is still mostly vacant, but on a recent Saturday afternoon the hallways

### THE FIRST STORE HERE IS BEATING EXPECTATIONS

were thronged with people. Many there simply to visit Daiso.

It helps that the mall is located in a largely Asian community, where Daiso is a familiar name.

Nevertheless, the store's popularity has spurred efforts to lease space in the mall — and enabled Mr. Fung's company to raise the rent.

Mr. Fung said he is in negotiations with several major mall owners in the U.S. and Canada to open new Daiso stores, though he declined to name any of the companies.

But not everybody is so optimistic about Daiso's prospects. John Winter, a Toronto-based retail consultant, said Daiso will find itself fighting for market share within an already overcrowded retail sector.

"Virtually every large mall has a dollar store," said Mr. Winter. "And once they're ubiquitous they're less of a draw for consumers."

Those players are already established, so Daiso is in for a tough battle if it hopes to become a serious player in the North American retail industry, he said.

Critics argue that once you get past the quantity of merchandise and the colourful display, Daiso has a lot in common with the hundreds of dollar store chains that have popped up across North America over the past 10 years.

"I don't see anything different except the range of products," said Mr. Smerdon. "It's all stuff you'd find in a regular dollar store."

Still, the store seems to be doing remarkably well. According to Mr. Fung, stocks are already running low in at least half the categories.

"There's a lot of empty shelves that we can't replenish until the next shipment comes in at the end of the month," he said. "We're doing better than our most optimistic projections."

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