



BestBuy.ca

THE MARKET

Is there a household in Canada that isn't interested in at least a few of Best Buy's areas of know-how? As this country's fastest growing specialty retailer and e-tailer of consumer electronics, Best Buy helps consumers navigate the quickly changing and often confusing array of high-tech products that are available today. By placing informative sales staff in stores, the friendly face of Geek Squad out on the street and easy-to-understand information online, Best Buy makes the world of consumer electronics fun and easy for Canadians.

ACHIEVEMENTS

In the five short years since launching in Canada, Best Buy is now the country's second-largest consumer electronics retailer¹ with 51 stores in locations from British Columbia to Atlantic Canada. Such growth demonstrates the warm reception consumers have given the Best Buy brand nationwide.

As of June 2007, Best Buy Canada's market share reached an all-time high of 12%,² with Unaided Brand Awareness of 70% and total Aided Brand Awareness of 97%.³

In the extremely competitive Canadian electronics marketplace, Best Buy's brand awareness has translated into double-digit year-over-year same-store sales growth.

The meteoric rise of the Best Buy brand in Canada has resulted in numerous awards, including the 2005 Online Retailing Award and the 2006 Retail Marketing/Advertising Award, both from the Retail Council of Canada (RCC).

HISTORY

In August 1966, Richard M. Schulze opened his first store in his hometown of St. Paul, Minnesota. The store, called Sound of Music, catered to audio hobbyists, and just four people ran the entire store. Over the following 15 years, Sound of Music opened eight more locations, and by the late '70s it was a publicly traded company.

Sound of Music's upward climb stalled in 1981 when, already under the threat of



bankruptcy, a tornado hit its most profitable store. Much of the store was destroyed, so Schulze responded by holding a "Tornado Sale" in the parking lot. After seeing the success of this sales event, Schulze realized that the buying public was ready for a retailer that could offer large selections of high-quality goods at low prices. Thus, the Best Buy brand was born. The first Best Buy store opened in Burnsville, Minnesota, in 1983. During the next six years Best Buy expanded to more than 40 stores, and began trading on the New York Stock Exchange in 1987.

Best Buy opened its first Canadian stores through its Canadian subsidiary, Best Buy Canada Ltd., during the fall of 2002, with eight locations in the Greater Toronto Area. Over the next two years, the company expanded west, opening more stores in Ontario and entering new markets in Manitoba, Saskatchewan, Alberta and British Columbia. In 2005, Best Buy Canada entered the Quebec market with eight stores. In 2007, with the opening of the company's first store in Nova Scotia, Best Buy Canada truly became a coast-to-coast Canadian brand.

THE PRODUCT

At Best Buy, the focus is on the customer, and making it as easy as possible for them to get what they want.

Best Buy offers a wide range of leading-edge high-tech products, including home theatre systems, computers, digital imaging, mobile audio, entertainment and software. Customers come to Best Buy to browse over 75,000 electronics and entertainment products available in-store and online, from well-known international brands such as Sony, HP and Apple.

Best Buy supports its customers through the decision-making process to ensure that they get the products that will best suit their lifestyle needs. Customers can find everything they need to get the best experience with their technology — from hardware and accessories to installation and servicing.

Store layouts are open, bright and inviting, making products easy to find.

Friendly "Blue Shirt" product specialists (and online resources) help customers understand products more deeply so they can make informed



choices. Customers can try products hands-on before they buy, while a "No Commission, No Pressure" sales structure makes for a comfortable, no hassle shopping experience.

Specially trained Business Technology Professionals and Home Theatre Pros offer specialist knowledge for customers interested in these products. Customers who are inclined to help themselves can do so with interactive product displays, CD listening stations and digital living room setups.

When it comes to products, Best Buy offers many complete solutions, such as computer and home theatre packages, which greatly simplify buying decisions. And to aid customers in store or at home, Geek Squad offers installation, support and service for computer and home theatre components.

RECENT DEVELOPMENTS

Consumers have wholeheartedly embraced Geek Squad, which is exclusive to Best Buy. Initially launched in late 2004 as a 24-hour computer support task force, Geek Squad agents can now be found in all Best Buy stores across Canada.



With its customers becoming increasingly interested in shopping online, in 2004 Best Buy Canada built a full-featured Web store that's easy to use and mirrors the fun atmosphere of its 'bricks-and-mortar' locations. BestBuy.ca provides a trustworthy, easy-to-understand and easily accessible source of information about consumer electronics. Product category showcases, detailed product information and side-by-side comparisons make it easy to navigate BestBuy.ca and make purchases online from the comfort of home. For maximum convenience, customers have two options for receiving their orders: they can pick up their orders in store, or have them shipped to their doorstep.

To reward Best Buy Canada's loyal customers, the Reward Zone Customer Loyalty Program was launched in the fall of 2007. Reward Zone customers earn points for every purchase, and enjoy additional exclusive rewards and benefits such as member-only deals, special offers and contests.

PROMOTION

As a large electronics retailer, Best Buy's marketing strategy includes a mix of traditional customer communication channels, such as TV, radio, flyers, newspaper ads, out-of-home and online campaigns.

Best Buy also believes in devoting significant resources to creating fun and engaging experiences for its customers. Grand Openings, sponsorships, sales events, and vendor and community partnerships all generate excitement while driving traffic to the stores.

One of Best Buy's most exciting Grand Openings to date was in 2006 when it opened its 45th Canadian location (and first downtown store



in the country) at Bay & Dundas in Toronto. To celebrate, the Best Buy team created three days of exciting events, including a door-crasher sale, celebrity appearances, contests and free concerts featuring multi-Grammy award-winning artists Beyoncé and John Mayer. The result? Record-breaking traffic and sales, as well as unprecedented buzz and publicity. This success was repeated in 2007 with the opening of the Burnaby store, which featured a special performance by Avril Lavigne.

Reinforcing its link to fun and entertainment, Best Buy has leveraged enterprise-exclusive DVD releases by high-profile artists like Elton John, Usher and the Rolling Stones. And in 2007 the company sponsored The Police North American Tour, which gave Best Buy's e-newsletter subscribers early access to ticket sales as well as a chance to win access into the Best Buy VIP room backstage.

Best Buy leverages its valuable vendor partnerships to put on exciting special events that inform and delight

customers. The second annual Gaming Invasion — a partnership with Nintendo, PlayStation, and Xbox — celebrated the ever-growing world of videogames. 2007's fun-filled event held in Toronto saw 20,000 people in attendance. Players got a chance to try out games that had not yet been released, and customer feedback was phenomenal.

Other partners also help provide in-store hands-on customer support. HP Days and Sony Days, for example, feature in-store demos and experts who help customers understand the latest technology and products.

Not only do Canadians love technology, but they also love their hockey — and so does Best Buy. In 2007, the company entered into a landmark partnership with Hockey Canada, "the official national governing body for ice hockey in Canada."⁴

Best Buy has also aligned itself with key events that are near and dear to the hearts of Quebec consumers. The company's relationship with the Montreal Canadiens has resulted in a number of exciting events, promotions and marketing opportunities. Best Buy is also a proud sponsor of the Festival International de Jazz de Montréal. Best Buy's on-site tent store lets attendees purchase CDs and DVDs without leaving the festival site.

BRAND VALUES

Technology can be intimidating and confusing. The Best Buy brand is all about making customers feel comfortable and confident in the world of technology. The



Best Buy Advantage is a commitment to offering a great shopping experience to customers, with the following characteristics:

- Making technology fun and easy
- Providing complete end-to-end customer solutions
- No commission, no pressure shopping
- Lowest price guarantee
- Hassle-free returns and exchanges

Best Buy is also dedicated to being a positive and responsible member of the communities where it does business. A primary focus is supporting non-profit organizations that help youth develop their skill sets, discover their talents and sustain a lasting interest in their education.

Best Buy Canada Ltd. maintains a strong national relationship with Big Brothers Big Sisters of Canada (BBBSC), sponsoring three distinct programs through special events and grants, which have totalled close to \$1 million since inception. In addition, the company holds an annual United Way employee-driven campaign that raises funds for United Way agencies across Canada. Each Best Buy store also has an annual donation budget to contribute to schools and youth-oriented, non-profit organizations in its area, and employee volunteer and fundraising efforts are supported with a corporate match program.

¹ NPD Group Consumer Tracker (Total Canada: 12 months ending June 2007, dollars basis, AV & Computers).

² Ibid.

³ Ipsos-Reid proprietary survey on behalf of Best Buy (2007)

⁴ http://www.hockeycanada.ca/index.cfm/ci_id/6698/la_id/1.htm



THINGS YOU DIDN'T KNOW ABOUT BEST BUY

- The Best Buy brand concept was created as a result of a "Tornado Sale" in St. Paul.
- In 2007, in response to growing customer demand, Geek Squad expanded its service offerings to include professional home theatre consultation, installation and setup.
- Best Buy Canada now has more than 5,000 employees in 51 stores from coast to coast.
- In 2007, the company entered into a landmark partnership with Hockey Canada, the official national governing body for ice hockey in Canada.