

PUBLIC
(as per Jan 21, 2004)

Court File No. CT-2002-004

THE COMPETITION TRIBUNAL

IN THE MATTER OF THE COMPETITION ACT, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF an inquiry pursuant to subsection 10(1)(b)(ii) of the Competition Act relating to certain marketing practices of Sears Canada Inc.;

AND IN THE MATTER OF an Application by the Commissioner of Competition for an order pursuant to section 74.10 of the Competition Act;

AND IN THE MATTER OF Sears Canada Inc.'s opposition to the Application and Sears Canada Inc.'s request for certain relief from the Competition Tribunal.

BETWEEN:

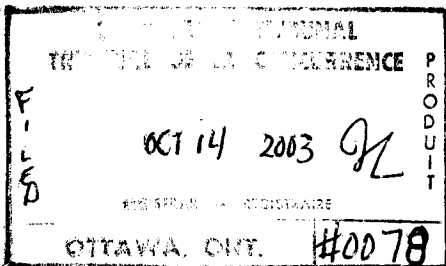
THE COMMISSIONER OF COMPETITION

Applicant

- and -

SEARS CANADA INC.

Respondent



AFFIDAVIT OF DR. KENNETH R. DEAL

I, Kenneth R. Deal, of the City of Hamilton, Province of Ontario,

SWEAR THAT:

COMPETITION TRIBUNAL
TRIBUNAL DE LA CONCURRENCE

File No. **CT-2002-004**
Commissioner of Competition vs Sears Canada Inc.

Exhibit No.: R 146

Filed on: January 31, 2004

Registrar: [Signature]

1. QUALIFICATIONS AND WORK EXPERIENCE

1. I am Chairman of Marketing, Business Policy and International Business in the Michael G. DeGroote School of Business at McMaster University. I am also the president of marketPOWER research inc., a market research company.

2. I obtained a Bachelor of Science degree, M.B.A. and Ph.D. from the State University of New York at Buffalo. During my M.B.A. and Ph.D. programs, I studied marketing, marketing research, statistics, econometrics, consumer behavior, management science and other topics integral to marketing and marketing research.

3. I joined the School of Business at McMaster University in 1973. Prior to that, I held teaching positions in the United States.

4. Since joining McMaster University, I have taught courses in marketing, marketing research, consumer behavior, marketing models, advanced marketing research, strategic marketing analysis, statistics and operations management among others.

5. I have taught executive development courses in the Michael G. DeGroote School of Business' MVP and Semtex Programs as well as to individual companies. These courses have included marketing research, multivariate statistical analysis in marketing research, pricing, marketing and marketing strategy.

6. I am president of marketPOWER research inc. ("mPr"), which was founded in 2001. I am also president of Marketing Decision Research Inc, which I founded in 1975. Both are marketing research firms that also provide consultation services in marketing strategy. mPr focuses on design, analysis and reporting on marketing research (surveys). Fieldwork is normally subcontracted to other firms, the primary focus of mPr being on analysis and new product research. I have executed a wide range of marketing research projects for companies in a variety of business sectors and for government agencies over the course of the last 28 years.

7. I have provided expert testimony in respect of market surveys to the Superior Court of Justice of Ontario, the Federal Court of Canada, and various tribunals.

8. I was elected Lifetime Fellow of the Professional Marketing Research Society in May 2000. I served as President of the Society in 1998/1999 and was Education Director from 1984-1987. I served as President of the Canadian Survey Research Council in 2000/2001.

9. I am co-author of the text *Marketing Research: Methods and Canadian Practice* published by Prentice-Hall Canada in 1992, which is currently being updated. I am also the author of *A Student Guide to SPSS 11.0 for Windows*, which was published by Prentice-Hall Canada in 2003. I have authored and co-authored a number of articles that have appeared in academic and professional journals.

10. My curriculum vitae is attached hereto as Exhibit A.
11. An mPr brochure is attached hereto as Exhibit B.

2. RETAINER

12. I have been retained by Ogilvy Renault on behalf of Sears Canada Inc. ("Sears") to prepare, execute and interpret a survey ("the Sears Survey") of Sears customers who bought new replacement tires from Sears in 1999.

13. The specific objectives of this survey were to:

- Surveying the behaviour of Sears customers when buying tires in 1999 from Sears and when buying tires in general;
- Determine the attitudes of these customers towards purchasing tires, especially the characteristics of the tire purchasing experience that they found to be most important; and
- Assess the customer's perception of the value of their 1999 tire purchases at Sears, their satisfaction with their purchases and their intentions to consider Sears for future tire purchases.

3. THE SEARS SURVEY METHODOLOGY

14. The study findings are based on telephone interviews conducted with a random sample of 601 Sears customers between August 27th and

September 2nd, 2003. Data were collected using a Computer Assisted Telephone Interviewing (CATI) system.

15. The sample was randomly drawn from a list of customers who were known to have bought new replacement vehicle tires from Sears in 1999. Sears provided the list of customers from which the sample was drawn. The sample for interviewing was drawn by Opinion Search Inc., a reputable marketing research field house. The findings from this sample of 601 respondents are representative of the full population of Sears customers who bought tires in 1999 within plus or minus 4.0 percentage points, in 19 out of 20 samples (i.e., at the 95% confidence level). This confidence margin for the total sample is a maximum and might be smaller for some calculations.

16. All respondents contacted were Sears customers who were listed in Sears' records as having purchased at least one new replacement vehicle tire from Sears in 1999. Customers who were employed by a company that manufactures, distributes or sells tires for passenger cars, trucks or minivans, or that are engaged in marketing research, advertising, public relations, news media or law, were excluded from the study.

17. Up to eight calls were made in an attempt to obtain an interview with a qualifying customer when the selected individual was not available during the initial call.

18. A description of the characteristics of the sample is attached hereto as Exhibit C.

19. A copy of the questionnaire is attached hereto as Exhibit D.

4. FINDINGS FROM THE SEARS SURVEY

20. This study focused primarily on understanding customers' behaviour and attitudes regarding their 1999 purchase of new replacement vehicle tires from Sears. There were also a few questions regarding their tire purchasing behaviour in general.

21. Findings from the study questions are arranged as follows:

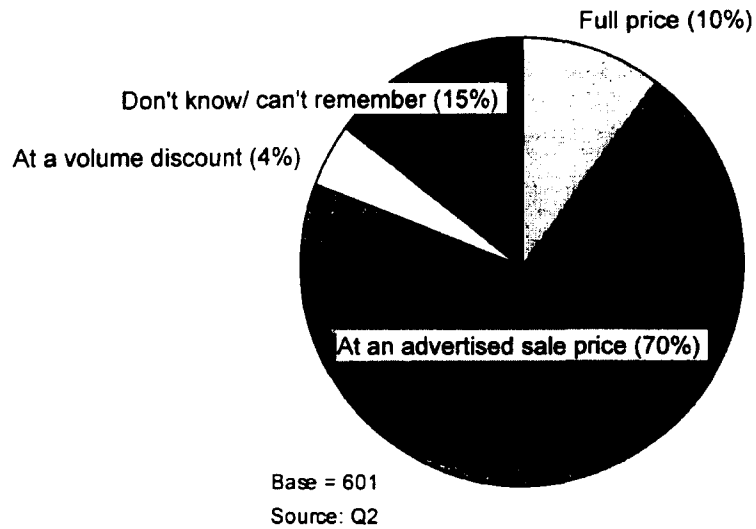
- Customers' stated behaviour when buying the tires in 1999 from Sears and tire buying in general;
- Customers' attitudes about buying tires, including their perceived importance of several tire buying characteristics; and
- Customers' perceived value, satisfaction and intention to return to Sears for tires.

The key findings for this survey will be explained in the following sections.

4.1. Tire Buying Behaviour of Respondents

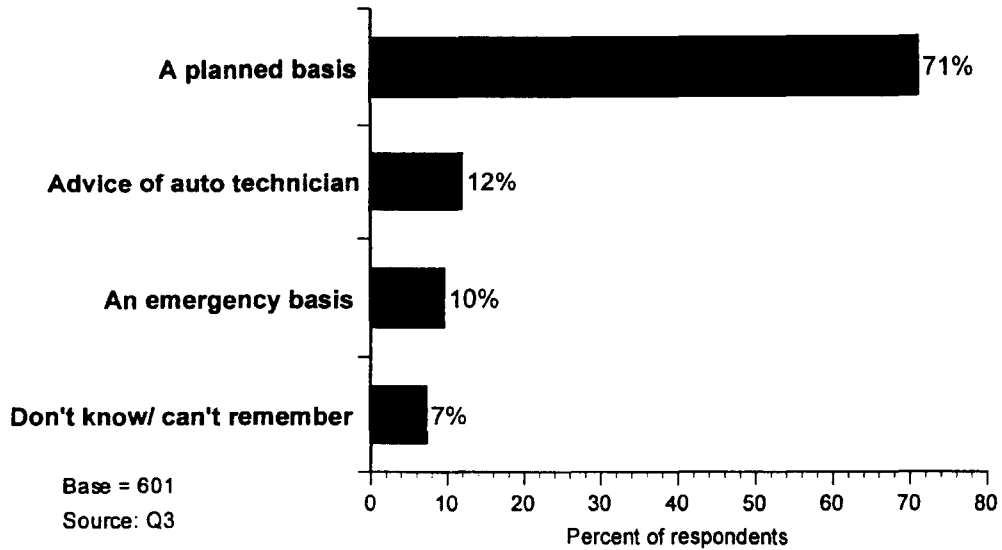
22. The majority of respondents, 70%, stated that the tires they had bought in 1999 at Sears had been bought at "an advertised sale price", 4% stated "volume discount", 10% said "full price" and 15% did not know or could not remember the relative price of those tires.

Figure 1. Q2. "Do you recall if you purchased those tires at the full regular price, at an advertised sale price, or at a volume discount?"



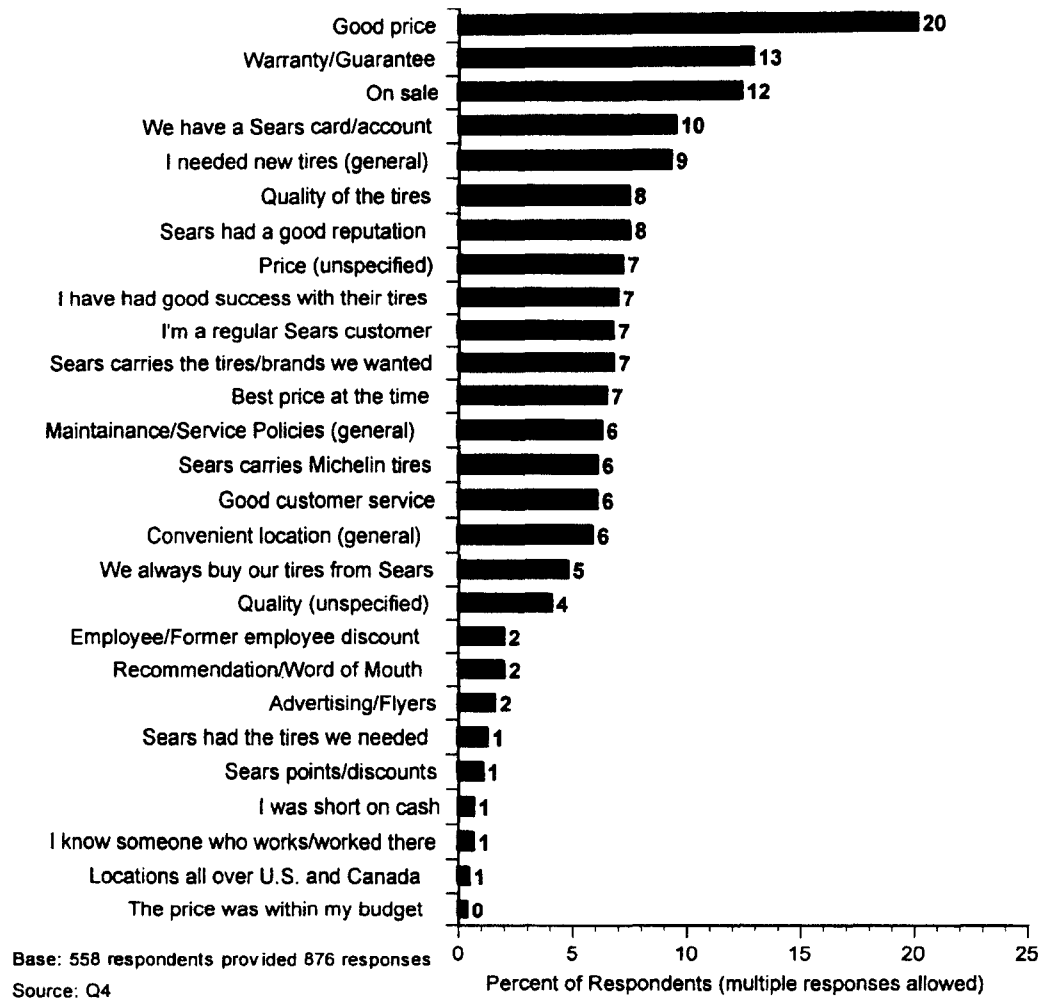
23. Tire buying decisions are made under various circumstances. It was found that 71% of respondents planned their 1999 Sears tire purchase, while 12% said that they made their purchase based on the advice of an auto technician when having other work done on their car, and 10% cited an emergency situation.

Figure 2. Q3. "Again thinking about your experience of buying tires from Sears in 1999, was the purchase ... planned, ... an emergency, ... or made upon the advice of an automotive technician when having other work done on your vehicle?"



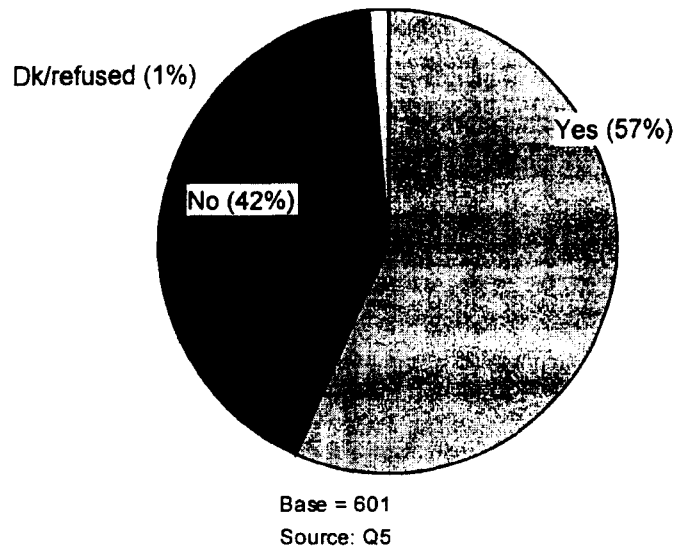
24. Question 4 asked respondents to provide all their reasons for buying their tires in 1999 from Sears. Respondents provided a wide variety of reasons, the most common of which (cited by 20% of respondents) was "good price". On average, the majority of Sears tire buyers had more than one reason for choosing Sears.

Figure 3. Q4. "Why did you decide to buy those tires from Sears in 1999?"
(Respondents were encouraged to mention all relevant reasons.)



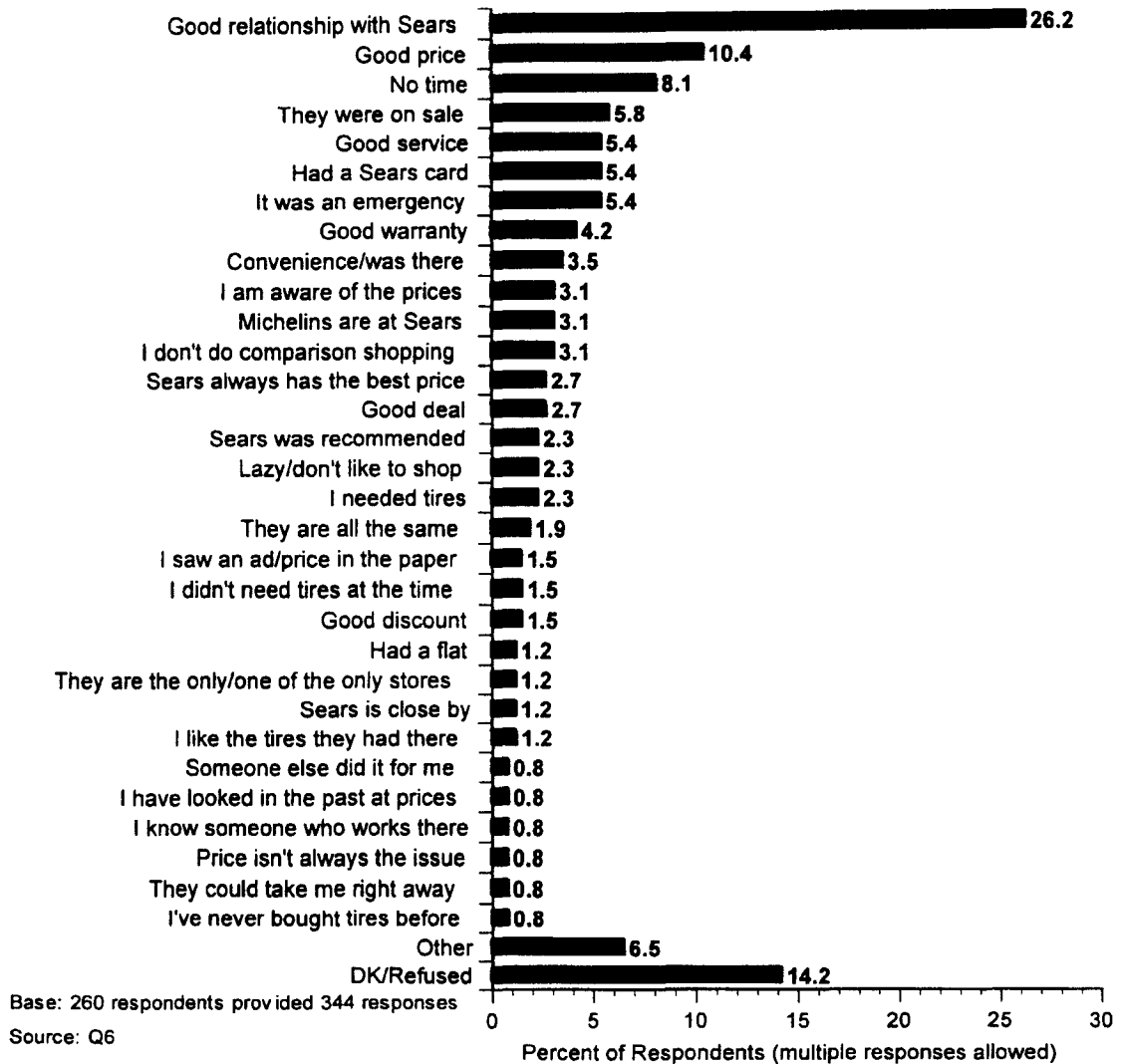
25. More than half of the respondents (57%) said that they had compared prices from a variety of different stores prior to purchasing their tires at Sears in 1999.

Figure 4. Q5. "Prior to buying your tires at Sears in 1999, did you compare prices from a variety of different stores?"



26. Those who reported not having compared prices prior to buying their tires at Sears provided a variety of reasons for not doing so, which are listed in Figure 5. Customers' reasons for not comparing prices were primarily due to their established good relationship with Sears (26.2%), i.e., trust in Sears, having a good history with Sears, loyalty to Sears, etc. Other reasons included: their perception that the tire price at Sears was a good price (10.4%), they had "no time" to shop (8.1%), the tires were "on sale" (5.8%), "good service" (5.4%), "they had a Sears card" (5.4%), "it was an emergency" (5.4%), "good warranty" (4.2%) and so on. Several reasons were mentioned that indicate that a number of customers did not feel that the time needed to research tire prices was justified by any additional savings they might obtain, such as "convenience/ was there" (3.5%), "I don't do comparison shopping" (3.1%), "Sears was recommended" (2.3%), "lazy/don't like to shop" (2.3%) and others.

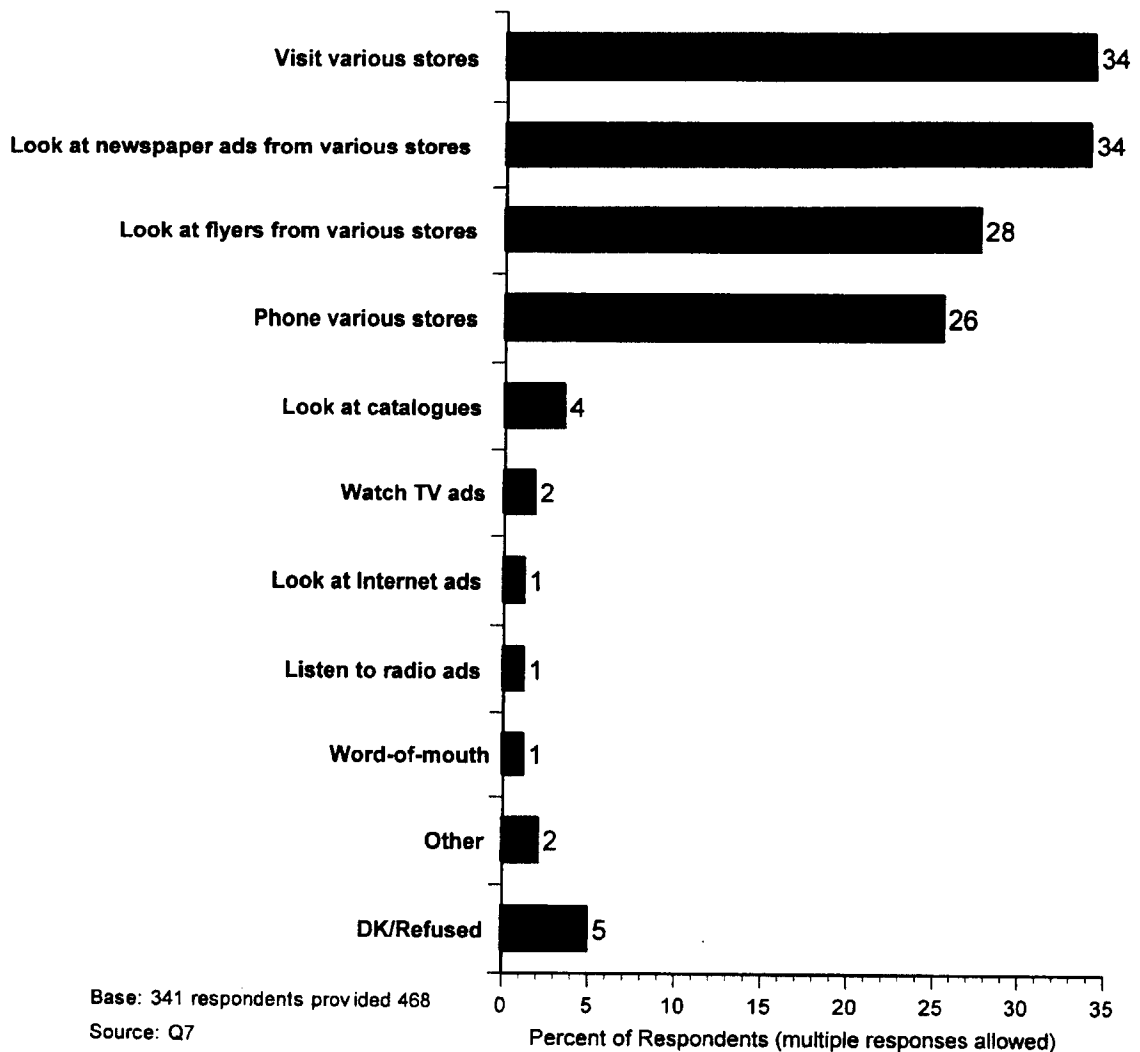
Figure 5. Q6. "Why not?" asked of those who stated "No" to Q5 "Prior to buying your tires at Sears in 1999, did you compare prices from a variety of different stores?" (Respondents were encouraged to mention all relevant reasons.)



27. Those who did compare prices prior to their purchase at Sears did so primarily by visiting various stores (34%), reading newspaper ads (34%), looking at flyers (28%) and phoning stores for prices (26%). Since respondents were asked to provide all the ways in which they investigated competitive prices, the percentages in the figure add to more than 100%. Q7

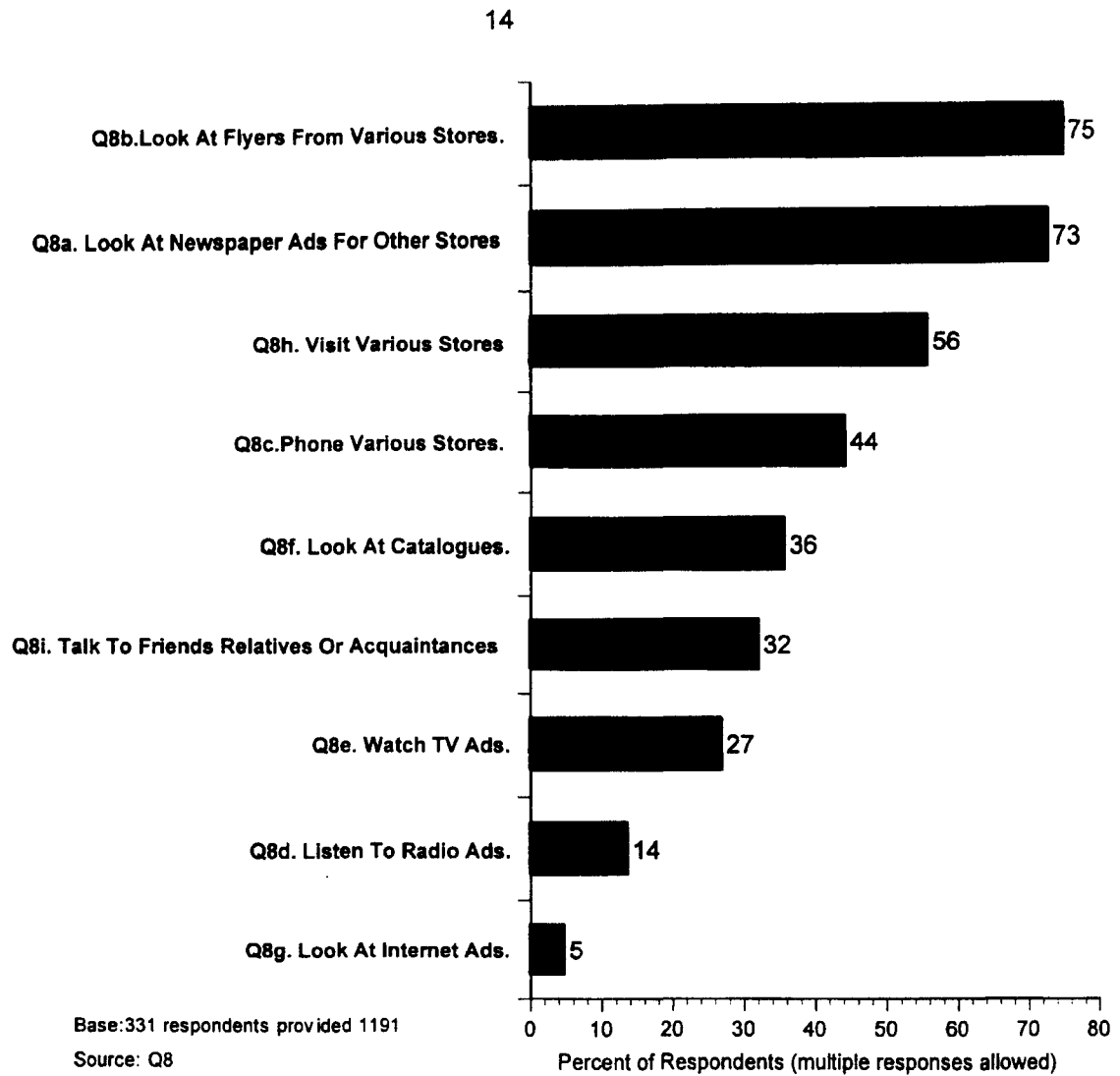
was an "unaided question", i.e., respondents were not read any potential answers.

Figure 6. Q7. "How did you find out what prices were offered by different stores at that time?" asked of those who stated "Yes" to Q5 "Prior to buying your tires at Sears in 1999, did you compare prices from a variety of different stores?" (Respondents were encouraged to mention all relevant reasons.)



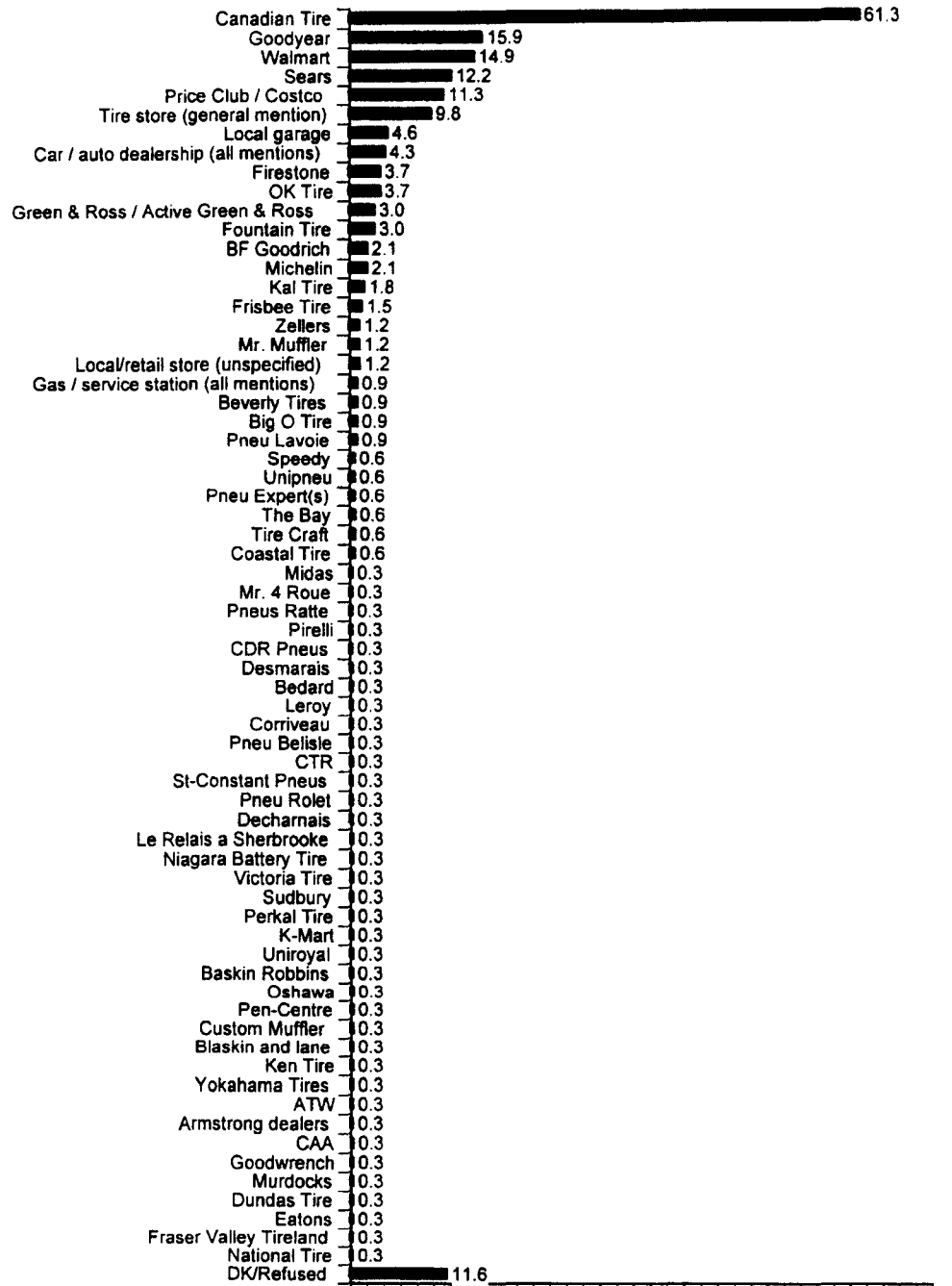
28. Respondents were read a similar aided version of Q7 and asked specifically if they had looked at newspaper ads, flyers, etc. The percentages of respondents who stated that they had used the several alternatives were higher than mentioned in the unaided Q7. Still, the most used investigative avenues for their 1999 Sears tire purchases continued to be flyers (75%), newspaper ads (73%), visiting stores (56%) and phoning stores (44%).

Figure 7. Q8. *"Again thinking about your 1999 Sears tire buying experience, did you ... [ASKED HOW THEY HAD OBTAINED INFORMATION]?" asked of those who stated "Yes" to Q5 "Prior to buying your tires at Sears in 1999, did you compare prices from a variety of different stores?" (Respondents were encouraged to mention all relevant reasons.)*



29. Respondents indicated that they had compared Sears tire prices with prices at more than 65 other tire retailers. Canadian Tire was the primary comparison source (mentioned by 61%) when phoning, visiting or considering competing advertising.

Figure 8. Q9. *"At which stores did you compare prices by phoning the store, by visiting the store, or by considering their advertising? asked of those who stated "Yes" to Q5, "Prior to buying your tires at Sears in 1999, did you compare prices from a variety of different stores?" (Respondents were encouraged to mention all relevant sources.)*



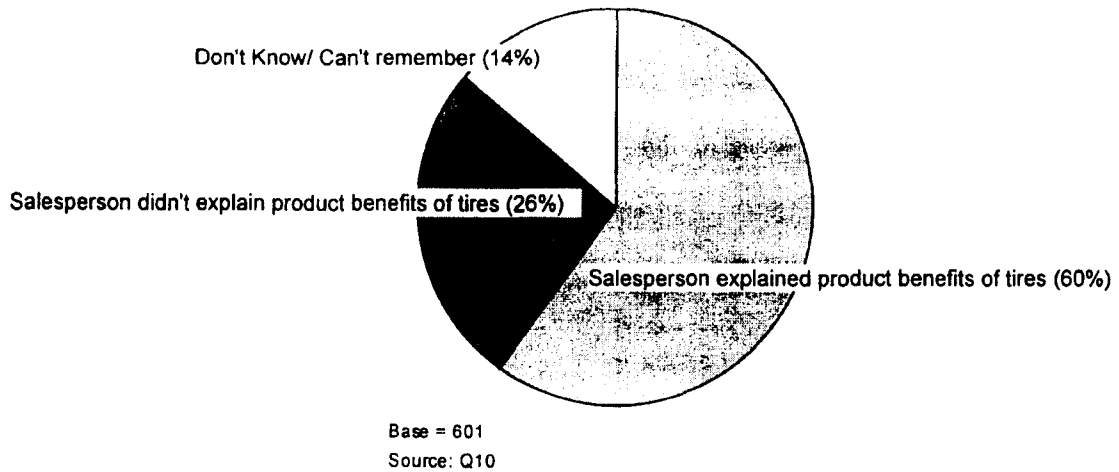
Base: 328 respondents provided 620 responses

Source: Q9

Percent of Respondents (multiple responses allowed)

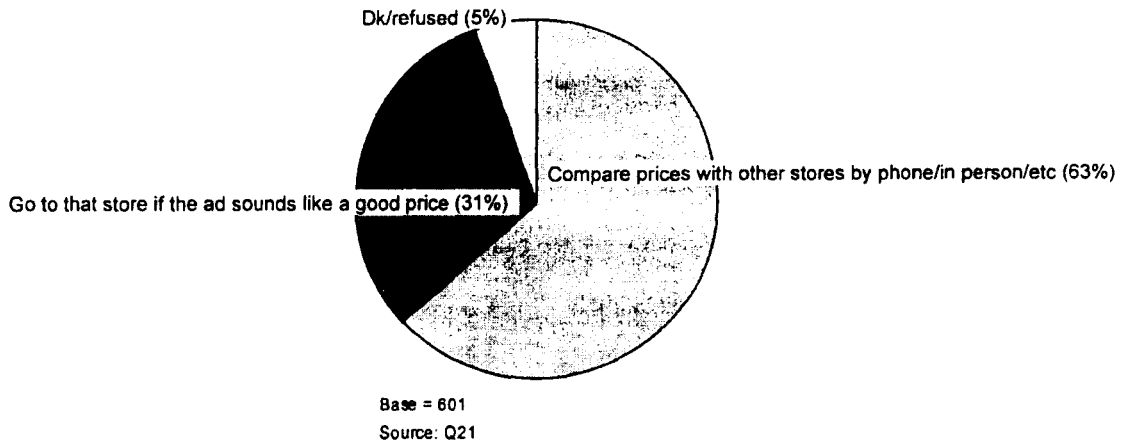
30. Sixty percent (60%) of respondents said that the salesperson had explained the benefits of the tire during the purchasing process and 26% stated that this was not done and 14% could not remember or didn't know if this explanation had taken place.

Figure 9. Q10. "As best as you can recall, did the Sears salesperson explain the product benefits of the tires you bought from Sears in 1999, or not? Asked all respondents.



31. Sixty three percent (63%) of respondents said that they comparison shop even when they see ads that indicate reduced tire prices.

Figure 11. Q21. "Sometimes tire ads show a regular price and a sale price. Other tire ads also show the percentage off. Assuming the ad is for tires that you are interested in buying, when you see ads like this do you typically ... go to that store if the ad sounds like a good price OR Compare prices with other stores whether by phone, in person or by looking at other stores' advertising to make sure it really is a good price before deciding whether or not you will go to the store?" Asked of all respondents.

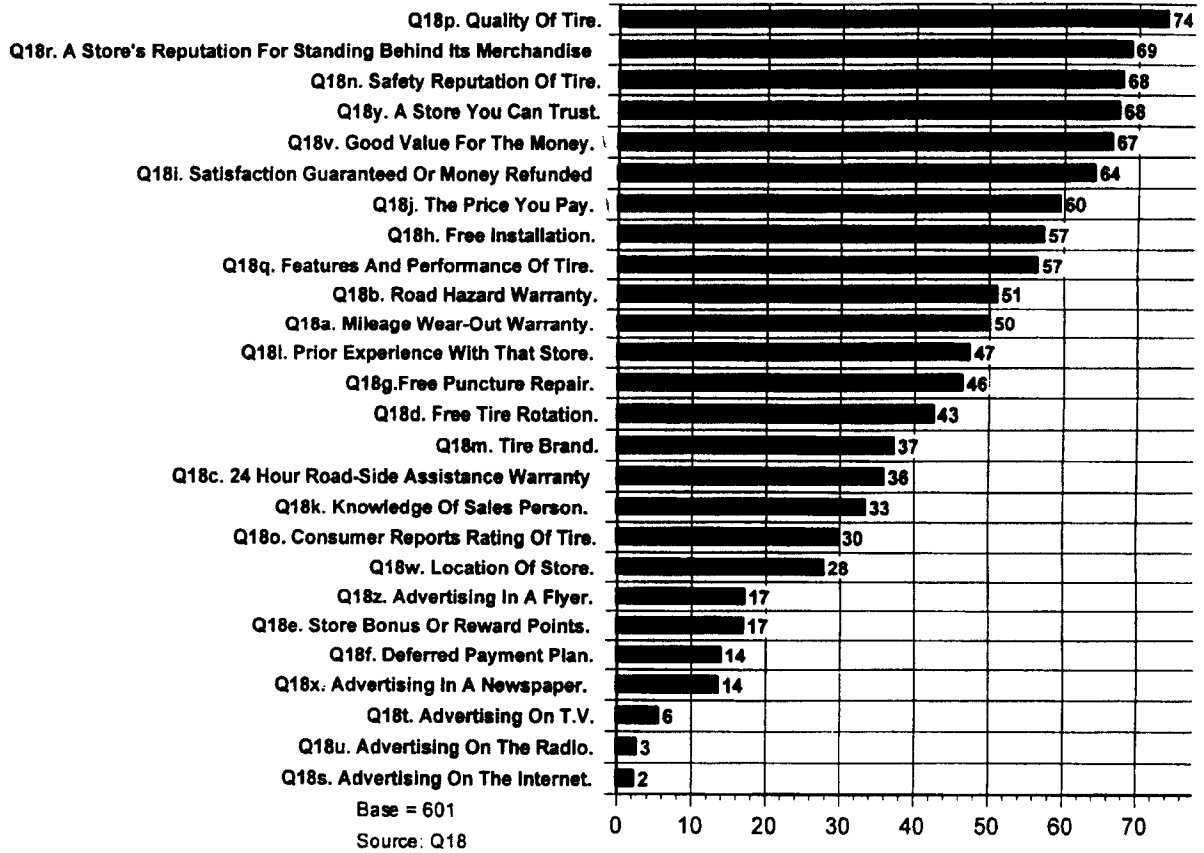


4.1. Customers' Attitudes about Buying Tires

32. Respondents were asked three key attitudinal questions. These pertained to the relative importance of 26 characteristics of the tire buying experience; whether respondents expected that they would pay a lower price when buying more than one tire at a time; and what customers understood by the term "regular price" as it relates to tires.

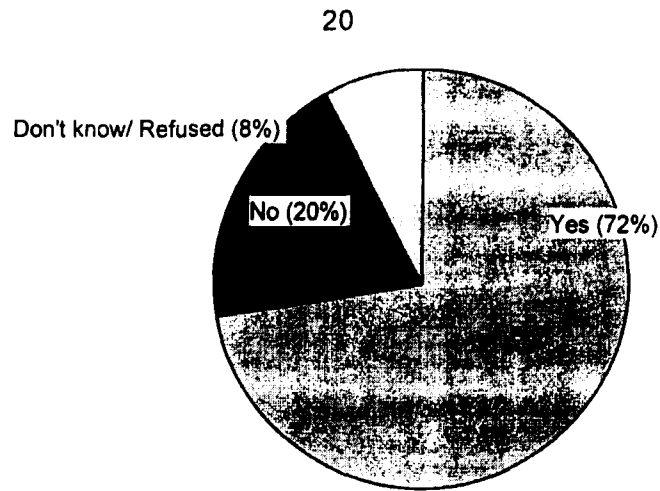
33. Various dimensions of quality of the tire and the retailer accounted for the six factors stated to be most important when buying tires. After the seventh most important factor, "the price you pay", many other factors were stated that were various components of brand or retail quality. Advertising on TV, the radio, the Internet and newspaper advertising were the four least important factors.

Figure 12. Q18. Importance of Several Characteristics of the Tire Buying Experience (Asked of all respondents.) Top Box Scores Represented, i.e., Percentage of respondents who feel the characteristic is "very important".



34. Seventy two percent (72%) of respondents expected that they would pay a lower price if they were to buy more than one tire at a time.

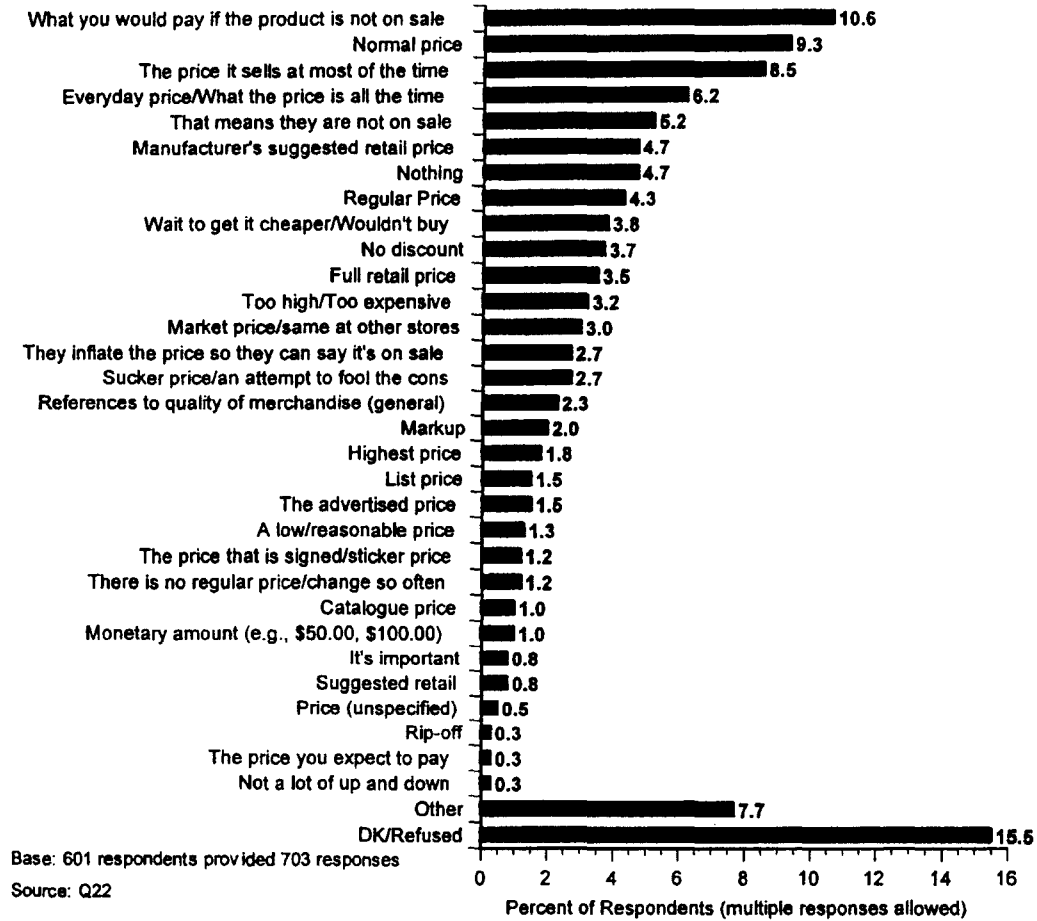
Figure 13. Q20. "Do you think you would pay a lower price if you were buying more than one tire? Asked of all respondents.



Base = 601
Source: Q20

35. When asked what the term "regular price" means to them, a great variety of responses were elicited. The most common response was that people did not know or refused to answer (15.5%). Of those that provided a meaning, the most common response (10.6%) was "What you would pay if the product is not on sale".

Figure 14. Q22. "What does the term "regular price" mean to you with respect to tires?" (Probe: "Anything else?") (Respondents were encouraged to mention all relevant reasons.)

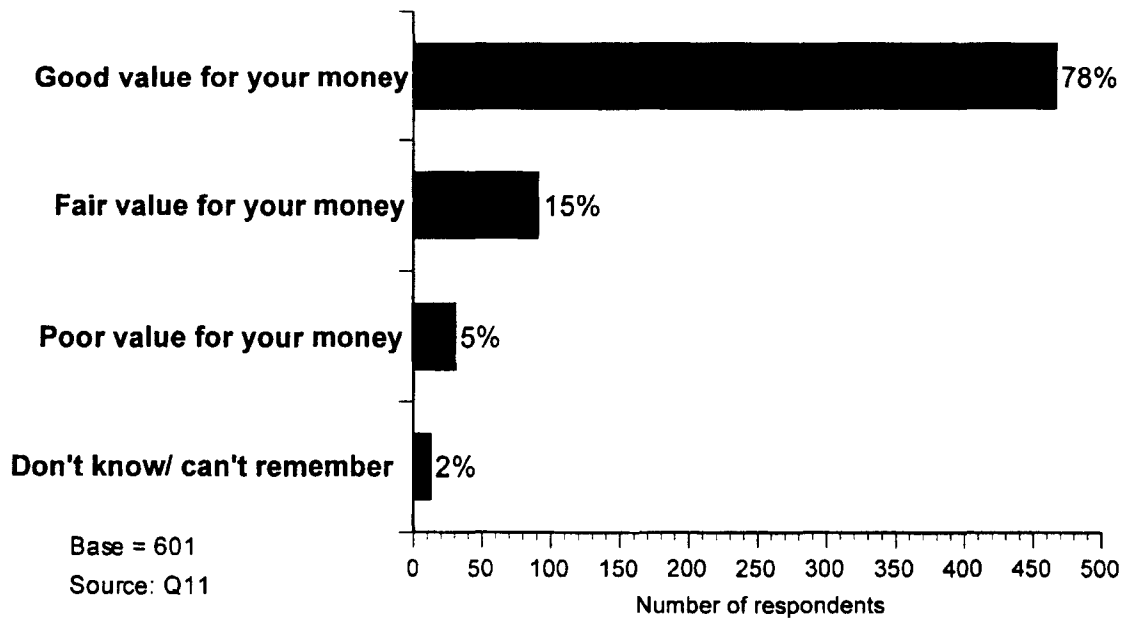


4.3 Customers' perceived value, satisfaction and intention to return to Sears for tires

36. Three key questions asked customers to indicate their perceived value for money of their 1999 Sears tire purchase, their satisfaction with that tire buying experience and their intentions to consider Sears for tire

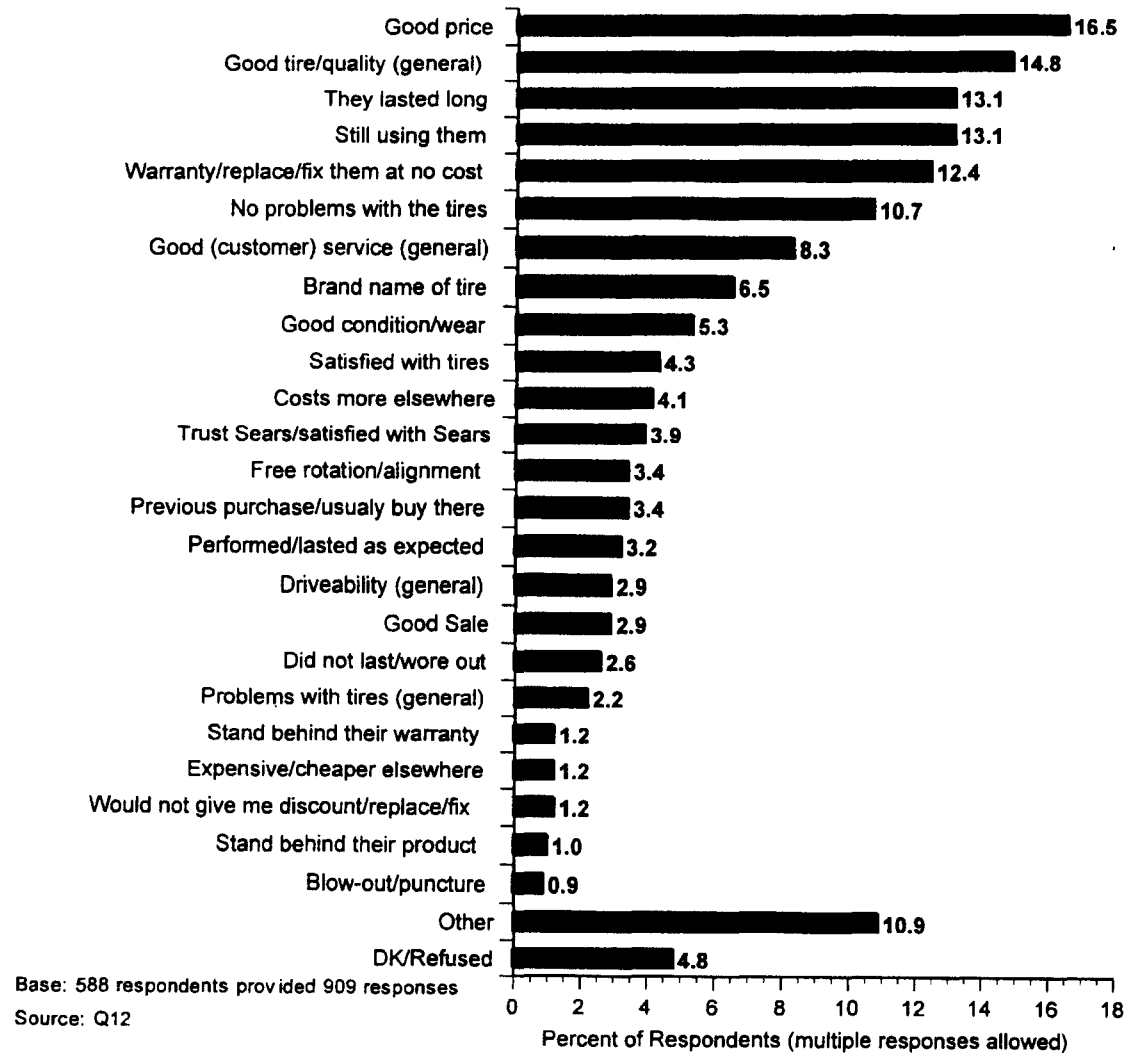
purchases in the future. These three dimensions are often used to help understand the health of a brand. In this survey, 78% of respondents said that they had received "good value" for their money.

Figure 15. Q11. "When looking back at that tire purchase from Sears in 1999, do you feel that you received ... good value for your money, fair value for your money, or poor value for your money?"



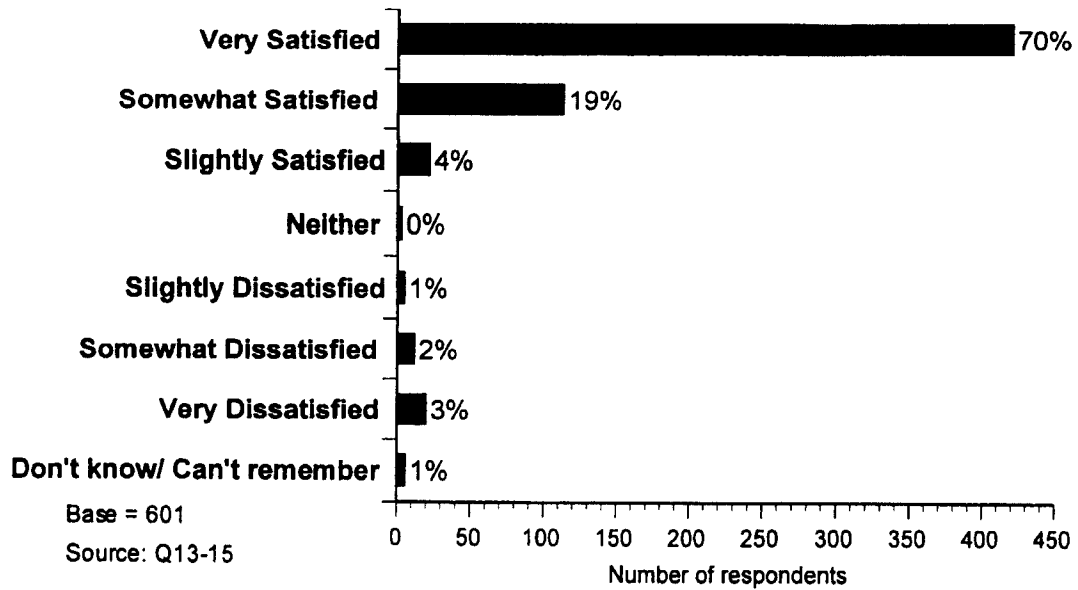
37. "Good price" was given most frequently (16.5%) as the reason for stating that they received "good value" or "fair value". Other reasons provided for good or fair value included "good tire/quality" (14.8%), "they lasted long" (13.1%), "still using them" (13.1%) and so on. While very few respondents felt that they had not received "good value", the reason most often given by those who felt that they received "poor value" or "fair value" was that "they would not give me a discount/replace or fix" (1.2%) and "didn't last/wore out" (2.5%).

Figure 16. Q12. "Why do you feel that you received <INSERT VALUE FROM Q11>?" (PROBE FULLY) (Respondents were encouraged to mention all relevant reasons.)



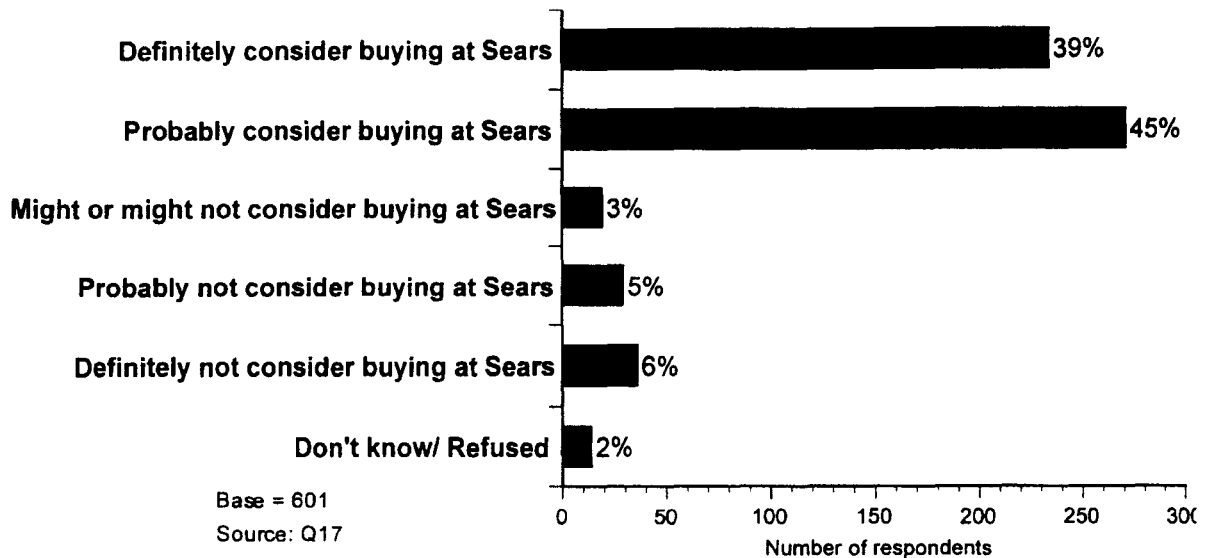
38. The great majority of respondents (93%) said that they were satisfied with their tire purchasing experience at Sears in 1999, with 70% saying that they were "very satisfied" with that experience.

Figure 17. Q13. Customer satisfaction with their overall tire purchase experiences at Sears in 1999.



39. A very positive finding is that 84% of the respondents would consider buying tires at Sears again in the future, with 39% saying that they would "definitely consider" buying at Sears.

Figure 18. Q17. "When you need to purchase tires in the future, would you say that you would definitely consider buying tires at Sears, probably consider buying tires at Sears, probably not consider buying tires at Sears or definitely not consider buying tires at Sears?" (Probe: "Anything else?")



5. MAIN CONCLUSIONS FROM THE SEARS SURVEY

40. My experience with this study and my investigation of the findings leads me to conclude that most customers who bought new replacement vehicle tires from Sears in 1999 have very positive attitudes about their tire buying experiences. A substantial majority of Sears customers who bought new replacement vehicle tires from Sears in 1999 felt that they had received good value for their money, were satisfied with the tire buying

experience and would positively consider Sears when buying tires in the future.

41. Behaviour when buying tires

- The majority of customers (71%) bought their 1999 tires at Sears on a planned basis.
- Almost all respondents gave non-price-related reasons for buying their tires at Sears in 1999, most of which pertained to quality aspects of the tires, to some quality of Sears, their relationship with Sears, or to convenience.
- The majority of respondents (57%) said that they compared tire prices before purchasing from Sears. Respondents stated that they investigated prices at over 65 competitors of Sears.
- The most important characteristic of the tire buying experience was stated to be "quality of the tire" by 74% of the respondents, followed by "a store's reputation for standing behind its merchandise" (69%), "safety reputation of the tire" (68%), "a store you can trust" (68%) and "good value for the money" (67%). "The price you pay" was seventh in importance.

42. **Perceived value of that 1999 tire purchase at Sears**

- 78% said they received "good value for the money".

43. **Satisfaction with their 1999 tire purchases at Sears**

- 70% were "very satisfied" with their tire buying experience.

44. **Intentions to consider Sears for future tire purchases**

- 84% said they definitely or probably would consider buying tires again at Sears

45. Overall, the findings from this survey indicate that Sears customers feel that they received good value and numerous and lasting benefits from their 1999 tire purchase at Sears.

SWORN BEFORE ME in the City of)
Burlington)
in the Province of Ontario)
this 19th day of September, 2003.)



Dr. Kenneth R. Deal



A COMMISSIONER, ETC.

ERIN LOUISE MILLER, a
Commissioner, etc., Province of Ontario,
while a student-at-law,
Expires May 8, 2008.

This is Exhibit A referred to in the affidavit of KENNETH DEAL sworn before me, this 15th day of September, 2003.

Kenneth Deal
 A COMMISSIONER FOR TAKING AFFIDAVITS

Career Profile
KENNETH R. DEAL, MBA, Ph.D., Fellow PMRS

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 Voice (905) 631-1011 ext 25, kendeal@marketpowerresearch.com
 and

Chairman of Marketing, Business Policy and International Business
 Michael G. DeGroot School of Business
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 Voice (905) 525-9140 ext 23971, deal@mcmaster.ca
 July 2003

Education:

- | | | | |
|--------|---|---|-----------|
| Ph.D. | Major: Management Science
Minors: Marketing, Economics
Dissertation: A Differential Games Solution to the Problem of Determining the Optimal Timing of Advertising Expenditures | The State University of New York at Buffalo | Feb. 1975 |
| M.B.A. | Management Science | S.U.N.Y./Buffalo | June 1969 |
| B.S. | Management Science | S.U.N.Y./Buffalo | June 1966 |

Academic Positions:

- Chairman, Marketing, Business Policy and International Business July 1999 –
- Associate Professor of Marketing and Management Science (tenured) July 1979-
Michael G. DeGroot School of Business, McMaster University
- Chairman, Marketing and International Business, July 1982-
Acting Chairman, Business Policy and Environment June 1986
- Assistant Professor of Management Science July 1973-
Faculty of Business, McMaster University June 1979

Business Experience:

Consultant in marketing research and strategic marketing, especially in the energy sector, wireless communication, health products and services and legal issues involving trade mark disputes.

Teaching Experience:

Consumer Behavior (M732, CMB3)
Marketing Research (M731, C3MA3)
Strategic Marketing Analysis (M734)
Multivariate Analysis of Marketing Data (M738)
Marketing Management (M670)
Production Planning and Control (Q650, C3E3)
Quantitative and Statistical Analysis (C2D3/2E3)

Administrative Experience:

- Chairman, Marketing, Business Policy and International Business, 1999-present
- President, Canadian Survey Research Council, 2000-2001
- Member, Dean's Task Force for Strategic Planning, 2000
- Past President, Professional Marketing Research Society, 1999-2000
- President, Professional Marketing Research Society, 1998-1999
- Vice-President, Professional Marketing Research Society, 1997-1998
- Member, Faculty of Business Undergraduate and Graduate Curriculum Committees, 1994-1997
- Member, Faculty of Business Promotion and Tenure Committees, 1980-1983, 1990-1997, 1999-
- Faculty Council, 1982-86, 1991-94, 1999-
- Member, Business Advisory Council for the Faculty of Business, 1980-1984, 1991-1993
- Chairman, Faculty of Business Hearings Committee, 1980-83
- Chairman, Marketing area, 1982-86
- Acting Chairman, Business Policy and Environment, 1982-86
- Secretary, Research Interface Committee, 1981-86
- Member, Management Development Committee, 1981-1986
- Member, Dean's Advisory Committee on Computing, 1981-86
- Member, Engineering and Management Program Operating Committee, 1973-1979, 1981-1991
- Chairman, Faculty of Business Open House, 1978
- Chairman, Graduate Student Recruitment and Secondary School Relations Committee, 1974-1979
- Chairman, Faculty of Business Equipment and Computer Users Committee, 1976-1979
- Member, Faculty of Business Graduate Awards Committee, 1975-1977
- Member, Faculty of Business Undergraduate Admissions Policy and Reviewing Committee, 1975-1977
- Member, Faculty of Business Equipment and Computer Users Committee, 1974-1979
- Member, Faculty of Business Library Committee, 1975-1976

- Member, University Advisory Committee on Recruitment and Retention of Students, 1978-1979

Professional Association Memberships:

- American Marketing Association (International and Toronto Chapter)
- The Canadian Survey Research Council
 - President, 2000-2001
 - Board of Directors, 1997-present
- The Professional Marketing Research Society
 - Director of Education, 1984-1987 (elected)
 - President Elect, Vice-President, July 1, 1997 to June 30, 1998 (elected)
 - President, July 1, 1998 to June 30, 1999 (elected)
 - Past President, July 1, 1999 to June 30, 2000.

Academic and Professional Honours

Elected, Lifetime Fellow of the Professional Marketing Research Society, May 2000, "for outstanding lifetime contributions to marketing research in Canada."

Research Grants:

- 2003-2004, CIHR, Modeling Patient Preferences for Translating Scientific Knowledge Regarding Children with Internalizing and Externalizing Mental Health Problems, with C. Cunningham and M. Boyle (\$84,581)
- 1975-1978, National Research Council: Numerical Solutions to Differential Games (#A9270)
- 1979-1980, Social Sciences and Humanities Research Council of Canada Leave Fellowship: Optimal Timing of Advertising Expenditures in a Duopoly (#451- 790561)

Lifetime Publications:

Peer Reviewed Research Articles:

Deal, K., B. Long and B. Scott. "New Pricing Product Design for Competitive Advantage," *Journal of Professional Pricing*, Vol. 7, No. 3, Fall 1998, 25-33.

Butterfield, David, K.R. Deal and A.A. Kubursi, "Measuring the Returns to Tourism Advertising", *Journal of Travel Research*. Vol.37, August 1998, 12-20. This paper received the ANBAR Citation of Excellence and was cited as having received the 'highest quality rating' by ANBAR Electronic Intelligence.

Sussman, G., G. Liss, K. Deal, S. Brown, M. Cividino et al. "Incidence of Latex Sensitization among Latex Glove Users", *Journal of Allergy and Clinical Immunology*, May 1998.

Deal, K.R. and Thomas Hodson "Electronic and Conventional Focus Groups: Comparisons and Relative Merits", *Canadian Journal of Marketing Research*, Vol. 16 (December 1997), 61-71.

Sussman, G., G. Liss, K. Deal, S. Brown, M. Cividino et al. "Latex Allergy: Epidemiologic Study of 1300 Hospital Workers.", *Journal of Occupational and Environmental Medicine*, 1997.

Deal, K.R. and Scott Edgett, "Determining Success Criteria for New Financial Products: A Comparative Analysis of CART, Logit and Discriminant Analysis." *The Service Industries Journal*, Vol. 17, No. 3 (July 1997), 489-506.

Deal, K.R. "Price Image Study of Retail Grocery Store Classes," *Canadian Journal of Marketing Research*, Vol. 9 (December 1990), 83-88.

J.E. Danes and K.R. Deal. "Message Testing Using an Information Processing Model," *Canadian Journal of Marketing Research*, Vol. 4, (Dec. 1985), 22-26.

Deal, K.R. "Optimal Advertising Expenditures in a Dynamic Duopoly." *Operations Research*, 4 (July-August 1979), 682-692.

Deal, K.R.; Sethi, S.P.; and Thompson, G.L. "A Bilinear-Quadratic Differential Game in Advertising." *Control Theory in Mathematical Economics*. Edited by Pan-Tai Liu and Jon G. Sutinen. New York: Marcel Dekker, Inc., 1979. (Also appears as Management Science Research Report No. 418, Carnegie-Mellon University: Management Science Research Group, Graduation School of Industrial Administration, May 1978).

Deal, K.R. "Brand Life Cycle Analysis Using Differential Games." *Proceedings of the Annual Conference of the Canadian Association of Administrative Sciences*. Edmonton, Alberta, June 203, 1975. (Also appeared in *Marketing in the 1970's and Beyond*. Edited by Bent Stidsen, Hamilton, Ontario: Marketing Division of the Canadian Association of Administrative Sciences, 1975.)

Deal, K.R. and S. Zionts. "A Differential Games Solution to the Optimal Timing of Advertising Expenditures." *Proceedings of the Second Annual Northeast Regional Conference of the American Institute for Decision Sciences*. Kingston, Rhode Island, April 13, 1973.

Book Chapters

Deal, K.R. "The Process of Marketing Research." *Marketing Research: State-of-the-Art Perspectives, Handbook of the American Marketing Association & Professional Marketing Research Society*. Edited by Chuck Chakrapani. Chicago and Toronto: American Marketing Association and Professional Marketing

Research Society, 2000. pp. 75-105.

Articles Not Peer Reviewed

Deal, K.R. "Do-It-Yourself Internet Surveys", *Marketing Research*, Summer 2003.

Deal, K.R. "Borrowing from Our Neighbors: A different approach to multivariate analysis", *Marketing Research*, Spring 2003.

Deal, K.R. "A Rand McNally for Marketers", *Marketing Research*, Fall 2002.

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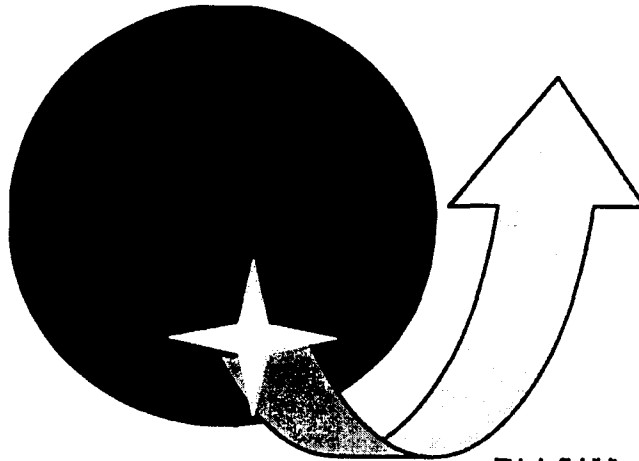
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marketPOWER research Inc.

Our mission:
help define your business in a way that leads to
Competitive Superiority
in your
Customers' Minds!



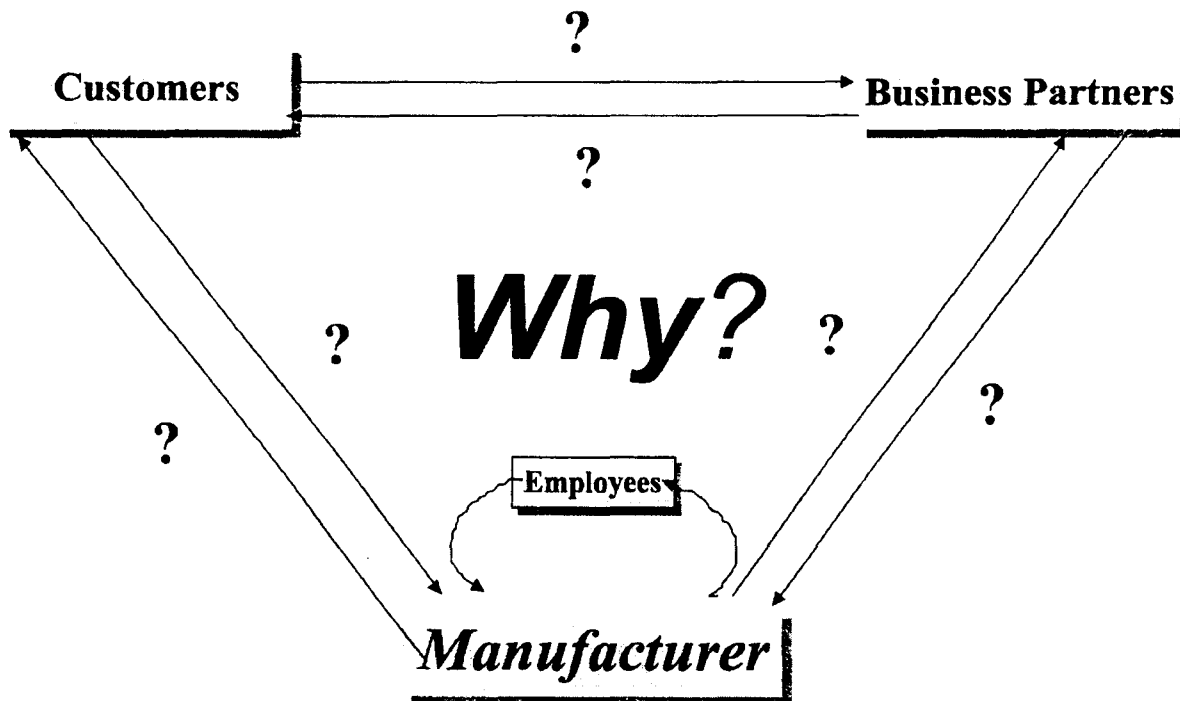
This is Exhibit B referred to in the
affidavit of KENNETH DEAN
sworn before me, this 19th
day of September 2003
[Signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

Energizing Information for Marketing Decisions

marketPOWER research Inc. (905) 631-1011

Marketing involves those activities that lead to exchanges of goods, services and currency among parties to transactions. We strive along with our clients to better understand why these exchanges occur and how they can be negotiated to more frequently benefit all parties involved. In most sectors, it is vital to understand the relationships between pairs of stakeholders. This is the basis of marketing, customer satisfaction marketing and customer retention and brand equity. Leaving out a stakeholder ensures that the exchanges will be less than fully advantageous for at least one of the parties ... and usually for all parties!

Multiple-Party Exchange Transactions



Helping companies understand whether their relationships with customers and business partners provide benefits to all parties, why they work, how they work and how they could work better in the future is the primary focus of mPr. Striving to provide better information to our clients has led to the development of many fascinating competencies.

- Goal-directed market segmentation
- Customer satisfaction measurement, customer value analysis, customer retention segmentation
- Dynamic modelling of marketing systems, especially involving new products

Our unique blend of practical experience, leadership in academic research and passion for excellence empowers mPr's ...

Mastery...

...in energizing information for inspired marketing decisions.

Energizing Information for Marketing Decisions

mPr's key services include:

• Strategic Planning and Marketing Policy Development

- *facilitating strategic planning workshops*
- *assisting to develop strategic marketing plans, execution and monitoring.*

• Strategic Marketing Research

- *research focused on being integrated into strategic market plans*

• Execution of Full Scope Marketing Research Projects, including

- careful, precise and thorough project, sample and questionnaire design
- detailed organization and control of fieldwork
- **thoughtful and sensitive analysis of survey data**
- outstanding reports of energized marketing information in full colour reports
- **presentations that illuminate key marketing challenges and lead to action**
- focus groups: both conventional and electronic

• Analysis of Survey Data and Data Bases

- crosstabular analysis (with statistical testing)
- sophisticated analysis using multivariate statistical techniques: regression, **conjoint analysis**, **discrete choice/logit**, factor analysis, cluster analysis, correspondence analysis (perceptual mapping), CART, LISREL, etc.
- augmenting data analysis of previously-conducted research

• Computer Modeling of Marketing and Advertising Decisions, including

- customer satisfaction, customer value and service quality survey development
- evaluation of the return on advertising expenditures (*ROA© model*)
- economic impact of tourism, industrial and commercial development
- forecasting and estimating market potential
- new product (simulated test market) evaluation (*EVALUATOR© model*)
- advertising strategy and concept testing (*PROMOTE© model*)
- development of marketing decision support systems
- **System Dynamics modelling** of marketing processes (*SysDym© model*)

• Litigation Support, especially in proceedings involving Intellectual Property and Survey Research

- defending or challenging advertising claims and trademark / patent conflicts
- **expert testimony** involving survey research, marketing and advertising

• Custom Marketing Training Sessions and Workshops

... tailored to specific individuals, entire departments or larger corporate entities

- marketing strategy formulation
- marketing research strategy formulation
- marketing research skills
- pricing and pricing research
- advertising research
- survey data analysis
- multivariate data analysis
- marketing models and forecasting

• Clinical Trials of Medical Devices, Products and Services

- complete design and execution of clinical trials
- analysis of findings, reporting, collaboration on publication of findings

Energizing Information for Marketing Decisions

mPr has provided assistance to clients in a variety of business sectors, including:

- Electric, Natural Gas and Petroleum: Service and Products
- Aviation Products & Servicing
- Energy Products & Services
- High Technology Products
- Library Marketing
- Tourism
- Consumer Packaged Goods
- Automotive Parts and Service
- Government Services
- Brewing industry
- Information Systems
- Health Related Products & Services
- Environmental Businesses
- Financial Services
- Computers and Office Equipment
- Pharmaceuticals
- Life Insurance
- Electrical and Electronic Equipment
- Telecommunication Service/Products
- Medical Devices
- Retail Grocery
- Food Supplements
- Wine and Champagne
- Commercial and Retail Development
- Steel and Steel Products
- Expert Testimony to Supreme Court

mPr's clients include some of the most prominent corporations in Canada and the United States, a wide variety of mid-sized businesses, associations and government departments.

Dr. Ken Deal, Founder and President

Ken's expertise lies in the area of using sophisticated marketing and marketing research to provide significant insights that help organizations build and enhance marketing strategies. He has developed dynamic models of marketing systems to assess the potential of new products, evaluate the effectiveness of advertising and enhance marketing decisions in a variety of management areas.

Dr. Deal has presented executive seminars in strategic marketing for private, public and non-profit sectors, in marketing strategy, marketing research, pricing and in other topics for the past twenty years. He has been involved as an expert witness in a variety of legal cases.



Ken has co-authored *Marketing Research: Methods and Canadian Practice*, (Prentice-Hall Canada, co-author C. Chakrapani). This book adds to his other publications that have appeared in professional and academic journals.

Dr. Deal is currently Chairman of Marketing, Business Policy and International Business at McMaster University, a position he held previously from 1982 to 1986. He was President of the Professional Marketing Research Society in 1998-99, and President of the Canadian Survey Research Council in 2000/2001.

He has been a professor of marketing in McMaster University's DeGroote School of Business since 1973. Ken holds Ph.D. and MBA degrees in marketing and management science. Dr. Deal

was elected Lifetime Fellow of the Professional Marketing Research Society in 2000.

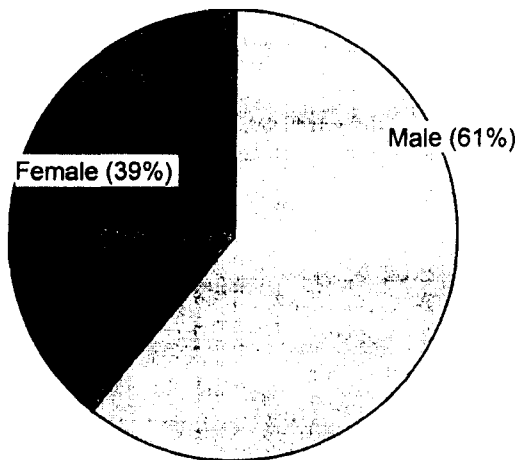
Please contact Ken and the other members of mPr at
3600 Billings Court, Suite 104
Burlington, Ontario L7N 3N6
(905) 631-1011, (905) 631-6051 fax, deal@attcanada.ca
marketPOWER research Inc.

C

EXHIBIT C CHARACTERISTICS OF THE SEARS SAMPLE

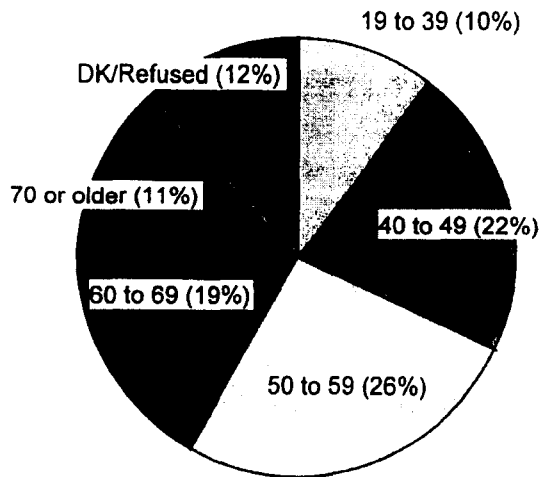
The sample in the survey of buyers of tires at Sears in 1999 was comprised of 61% males and 39% females, with 48% aged between 40 and 60 years of age, 60% having at least some university level education and 42% having household incomes of at least \$70,000 in 2002.

Figure C.1. Sex of Respondents



Base = 601
Source: Observation

Figure C.2. Q23 Age of Respondents



Base = 601
Source: Q23

This is Exhibit C referred to in the affidavit of CONYIA DEAL sworn before me, this 19th day of September 2003.

[Signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

Figure C.3. Q24 Highest Level of Formal Education

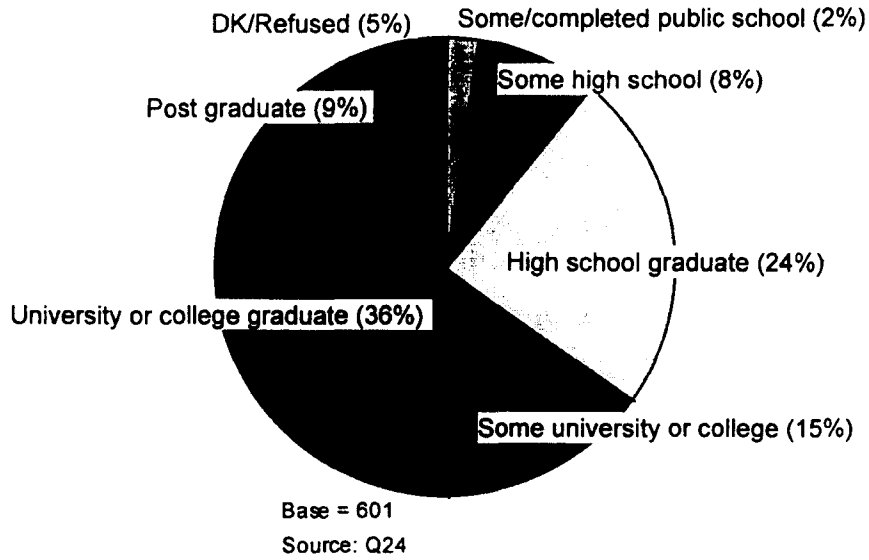
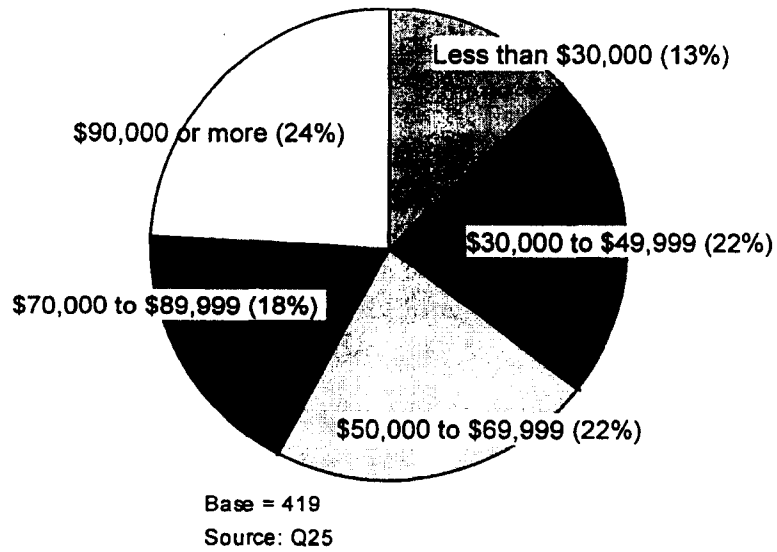


Figure C.4. Q25 Household Income in 2002



Hello, my name is _____, and I am from Opinion Search a market research firm. May I speak to Mr. or Ms. < __NAME FROM SAMPLE LIST__>? IF NOT PERSON ON PHONE, START AGAIN AT "HELLO". We are calling today to conduct a survey with people about their attitudes and opinions about tire purchases. Please be assured, I am not trying to sell you anything; this is for research purposes and your answers will be kept strictly confidential. We are just interested in your opinions.

(If necessary say) The survey will take approximately 10 minutes of your time depending on your answers.

To ensure we interview a wide spectrum of the population, I'd like to ask you a few general questions to start with.

Do you or any member of your family work for....?

- . a Marketing research company or department
- . an Advertising or Public Relations firm or department
- . a Company that manufactures, distributes or sells tires for passenger cars, trucks or minivans
- . a Law firm
- . a Newspaper, magazine, radio or television station

IF "YES" TO ANY, THANK AND TERMINATE

Or, None of these CONTINUE

RECORD GENDER (DO NOT READ)

MALE 1
FEMALE 2

This is Exhibit D referred to in the affidavit of KENNETH DEAL sworn before me, this 19th day of September 2003
[Signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

1. I understand that you bought one or more new replacement automotive tires in 1999, and that you (EMPHASIS HERE) purchased those tires at Sears. I'd like to ask you some questions about that tire purchase, is that OK?

GO TO Q2 ← YES OK TO CONTINUE 1

TERMINATE WITH THANKS ← NO, NOT CORRECT 2

IF ASKED "WHERE DID YOU GET THAT INFORMATION?" SAY "From retail records." 3

IF R ASKS "FROM WHICH RETAIL RECORDS", SAY "These records were provided by Sears Canada." 4

2. Do you recall if you purchased those tires at the full regular price, at an advertised sale price, or at a volume discount?

Full Price

At advertised sale price

At a volume discount

(DO NOT READ) DON'T KNOW/ CAN'T REMEMBER

3. Again thinking about your experience of buying tires from Sears in 1999, was the purchase ...

READ OUT ... Planned

... An Emergency

... Made upon the advice of an automotive technician when having other work done on your vehicle

(DO NOT READ) DON'T KNOW/ CAN'T REMEMBER

4. Why did you decide to buy those tires from Sears in 1999? Anything else? (PROBE FULLY)

5. Prior to buying your tires at Sears in 1999, did you compare prices from a variety of different stores?

GO TO Q 7 ← YES 1

NO 2

6. Why not?

GO TO Q10

7. How did you find out what prices were offered by different stores at that time? (**DO NOT READ**) (CHECK ALL THAT APPLY).

LOOK AT NEWSPAPER ADS FROM VARIOUS STORES

LOOK AT FLYERS FROM VARIOUS STORES

PHONE VARIOUS STORES

LISTEN TO RADIO ADS

WATCH TV ADS

LOOK AT CATALOGUES

LOOK AT INTERNET ADS

VISIT VARIOUS STORES

OTHER _____
(SPECIFY)

8. Again thinking about your 1999 Sears tire buying experience did you...

RANDOMIZE & READ OUT LIST

		DON'T KNOW/		
		YES	NO	CAN'T RECALL
8a.	Look at <u>newspaper</u> ads for other stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8b.	Look at <u>flyers</u> from various stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8c.	<u>Phone</u> various stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8d.	Listen to <u>radio</u> ads	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 8e. Watch TV ads
- 8f. Look at catalogues
- 8g. Look at Internet ads
- 8h. Visit various stores
- 8i. Talk to friends relatives or acquaintances?

GO TO Q10 IF THE ONLY YES RESPONSE IS TO Q8i
IF ALL ANSWERS ARE "NO" AND "DK" GO TO Q10

9. At which stores did you compare prices by phoning the store, by visiting the store, or by considering their advertising? **(DO NOT READ)** (CHECK ALL THAT APPLY).

- CANADIAN TIRE
- FIRESTONE
- GOODYEAR
- GREEN & ROSS / ACTIVE GREEN & ROSS
- FOUNTAIN TIRE
- KAL TIRE
- LOCAL GARAGE
- MIDAS
- PRICE CLUB / COSTCO
- SEARS
- SPEEDY
- WALMART
- ZELLERS
- CAR / AUTO DEALERSHIP (ALL MENTIONS)
- GAS / SERVICE STATION (ALL MENTIONS)
- TIRE STORE (GENERAL MENTION)
- OTHER _____
(SPECIFY)

10. As best as you can recall, did the Sears salesperson explain the product benefits of the tires you bought from Sears in 1999, or not?

CHOOSE ONE

- The salesperson explained the product benefits of the tires purchased 1
- The salesperson did not explain the product benefits of the tires purchased 2
- (DO NOT READ) DON'T KNOW/ CAN'T REMEMBER 3

11. When looking back at that tire purchase from Sears in 1999, do you feel that you received ...

- good value for your money 1
- fair value for your money 2
- or poor value for your money 3
- (DO NOT READ) DON'T KNOW/ CAN'T REMEMBER 9

12. Why do you feel that you received <____ INSERT FROM Q11____> when buying those tires at Sears in 1999? Anything else? (PROBE FULLY)

13. Were you satisfied or dissatisfied with your overall tire purchase experience at Sears in 1999?

- GO TO Q14 ← DISSATISFIED 1
- GO TO Q15 ← SATISFIED 2
- GO TO Q16 ← NEITHER SATISFIED NOR DISSATISFIED 4
- GO TO Q16 ← (DO NOT READ) DON'T KNOW/ CAN'T REMEMBER 9

14. Is that slightly dissatisfied, somewhat dissatisfied or very dissatisfied?

- SLIGHTLY DISSATISFIED 3
- SOMEWHAT DISSATISFIED 2
- VERY DISSATISFIED 1
- (DO NOT READ) DON'T KNOW/ CAN'T REMEMBER 9

GO TO Q25

15. Is that slightly satisfied, somewhat satisfied or very satisfied?

VERY SATISFIED 7
SOMEWHAT SATISFIED 6
SLIGHTLY SATISFIED 5
(DO NOT READ) DON'T KNOW/ CAN'T REMEMBER 9

16. Are those tires that you bought in 1999 at Sears still being used on your vehicle?

YES 1
NO 2

17. When you need to purchase tires in the future, would you say that you would definitely consider buying tires at Sears, probably consider buying tires at Sears, probably not consider buying tires at Sears or definitely not consider buying tires at Sears?

Definitely consider buying at Sears 5
Probably consider buying at Sears 4
DO NOT READ OUT → MIGHT OR MIGHT NOT CONSIDER BUYING AT SEARS 3
Probably not consider buying at Sears 2
Definitely not consider buying at Sears 1
(DO NOT READ) DON'T KNOW 9

18. I am now going to read you a list of issues that may or may not be important in your decision to purchase tires. For each one tell me how important using a scale of 1 to 5, where 1 is "not at all important", 2 is "slightly important", 3 is "somewhat important", 4 is "important" and 5 is "very important". Would you say that the issue of _____ is "not at all important", "slightly important", "somewhat important", "important" or "very important".

What about **(ask next issue)?**

REPEAT SCALE AS NECESSARY

RANDOMIZE READING OF LIST

- Mileage wear-out warranty	1	2	3	4	5
- Road hazard warranty	1	2	3	4	5
- 24 hour road-side assistance warranty	1	2	3	4	5
- Free tire rotation	1	2	3	4	5
- Store bonus or reward points	1	2	3	4	5
- Deferred payment plan	1	2	3	4	5
- Free puncture repair	1	2	3	4	5
- Free installation	1	2	3	4	5
- Satisfaction guaranteed or money refunded policy	1	2	3	4	5
- The price you pay	1	2	3	4	5
- Knowledge of sales person	1	2	3	4	5
- Prior experience with that store	1	2	3	4	5
- Tire Brand	1	2	3	4	5
- Safety reputation of tire	1	2	3	4	5
- Consumer reports rating of tire	1	2	3	4	5
- Quality of tire	1	2	3	4	5
- Features and performance of tire	1	2	3	4	5
- A store's reputation for standing behind its merchandise	1	2	3	4	5
- Advertising on the internet	1	2	3	4	5
- Advertising on T.V.	1	2	3	4	5
- Advertising on the radio	1	2	3	4	5
- Good value for the money	1	2	3	4	5

- Location of store 1 2 3 4 5
- Advertising in a newspaper 1 2 3 4 5
- A store you can trust 1 2 3 4 5
- Advertising in a flyer 1 2 3 4 5

19. And, thinking about the times you have replaced tires, do you generally do so on:
- A planned basis 1
 - An emergency basis 2
 - Upon the advice of an automotive technician
when having other work done on your vehicle 3
 - (DO NOT READ) DON'T KNOW/ CAN'T REMEMBER 9

20. Do you think you would pay a lower price per tire if you were buying more than one tire?
- YES 1
 - NO 2
 - DON'T KNOW 9

21. Sometimes tire ads show a regular price and a sale price. Other tire ads also show the percentage off. Assuming the ad is for tires that you are interested in buying, when you see ads like this do you typically...
- RANDOMIZE ORDER
- Go to that store if the ad sounds like a good price 1
 - OR**
 - Compare prices with other stores either by phone, in person or by looking at other stores' advertising to make sure it really is a good price before deciding whether or not you will go to the store 2

22. What does the term "regular price" mean to you with respect to tires? (Probe) Anything else?

DEMOGRAPHICS

Now, I just have a few questions for analytical purposes only. Again, everything you tell us will be kept strictly confidential.

23. In which year were you born? [19 ____]

24. What is your highest level of formal education?

- Some/completed Public School 1
- Some high school 2
- High school graduate 3
- Some University or College 4
- University or College graduate 5
- Post graduate 6

25. Was your total household income before taxes in 2002 less than \$50,000 or more than \$50,000?

LESS → 25a. Was it more or less than \$30,000? NO → 25b. Was it more or less than \$70,000?

GO TO Q26 ← MORE 2

GO TO Q26 ← LESS 3

GO TO Q26 ← LESS 1

GO TO Q25C ← MORE

25c. Was it more or less than \$90,000?

GO TO Q26 ← LESS 4

GO TO Q26 ← MORE 5

26. Thank you very much for participating in this survey.

RECORD CITY AND PROVINCE:

CITY _____ BC MB NF PEI
AL ON NB
SK QB NS

27. RECORD NUMBER OF TIRES PURCHASED FROM LIST

1 2 3 4