

Analytical Paper

Analysis in Brief

Retail: The Year 2013 in Review

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Symbols

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- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0^s value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- p preliminary
- r revised
- x suppressed to meet the confidentiality requirements of the *Statistics Act*
- E use with caution
- F too unreliable to be published
- * significantly different from reference category ($p < 0.05$)

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Retail: The Year 2013 in Review

by Jason Aston and Simon Sheldrick

1 Introduction

Retail sales expanded by 3.2% in 2013, with higher sales in all provinces. In volume terms, total retail sales rose 2.9%, the highest growth rate posted since 2010.

After strong sales growth in the first three quarters of 2013, monthly sales slowed in the final quarter in certain subsectors following severe weather conditions.

In the first nine months of 2014, retail sales were up 4.5%, compared to the same period in 2013.

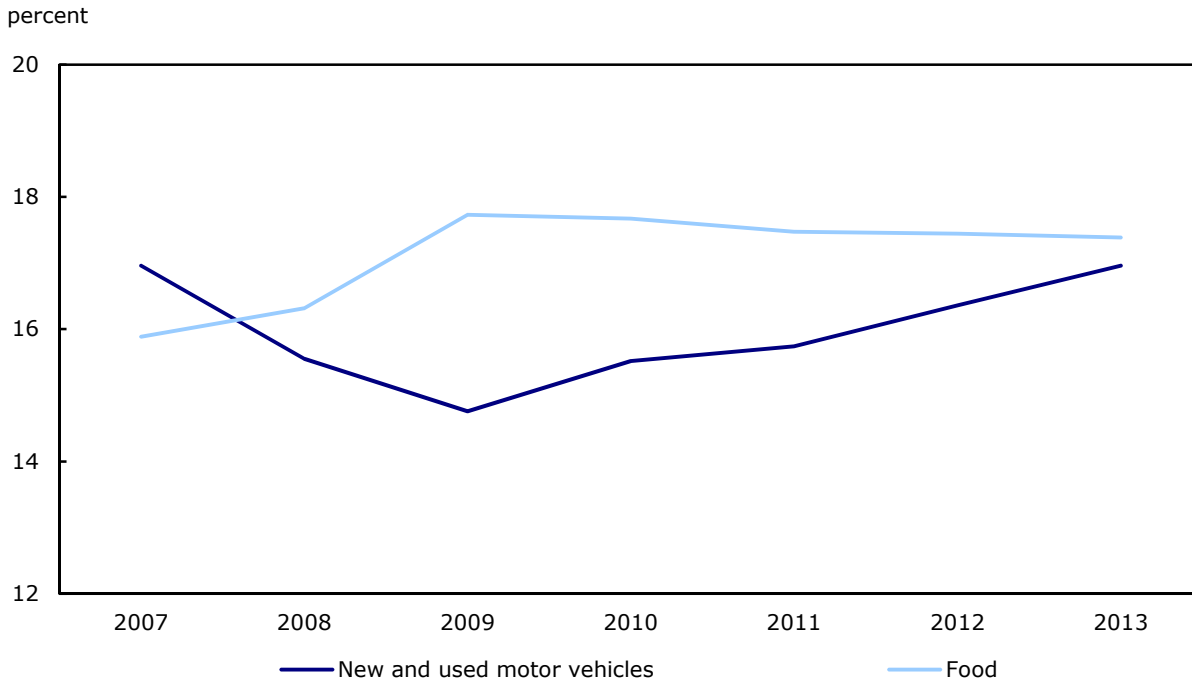
The principal contributor to the 2013 gain was the motor vehicle and parts subsector as an all-time record number of passenger cars and trucks were sold. The general merchandise stores subsector saw an increase of sales in 2013, as it continued to increase its share of food and beverage sales. Meanwhile, sales at food and beverage stores had their largest annual increase since 2010. Electronics and appliance stores was the only subsector to register a decline in sales for the year.

Total employment in the Canadian retail industry grew 1.5% in 2013.

Food and motor vehicles continue to account for the largest shares of retail spending in Canada. The share of retail spending for food (+17.4%) was slightly higher than that of motor vehicles (+16.9%), the smallest difference since 2008.

This change marks a return to the spending patterns of consumers prior to the economic downturn of 2009. At that time, the share of motor vehicle sales was 2.9% lower than the food share.

Chart 1
Percentage of total retail sales by commodity



Source: Statistics Canada. CANSIM. table 080-0022.

2 Auto sales led the growth in retail spending in 2013

Sales in the motor vehicle and parts dealers subsector increased 6.3% in 2013. The main contributor to the increase was a 6.4% advance in sales at new car dealers, their largest annual gain since 2010. New trucks, vans, minivans & sport-utility vehicles (+12.0%) and automotive parts and accessories (+3.6%) led the growth.

According to the New Motor Vehicle Sales Survey, the number of new cars and trucks sold increased 6.9% in 2013, the highest annual growth since 2010. A total of 1,776,461 units were sold, setting an all-time record. There were record unit sales in seven of twelve months in 2013.

Sales at gasoline stations rose 3.5%. National retail pump prices peaked at \$1.35 per litre in July with the higher demand of the summer driving season.¹ Overall, national retail gasoline prices followed a similar pattern as in the previous two years. Most of the fluctuations in retail gasoline prices were largely a result of crude oil price fluctuations.²

1. Natural Resources Canada. *Fuel Focus: Understanding Gasoline Markets in Canada and Economic Drivers Influencing Prices*. Petroleum Resources Branch. p3.

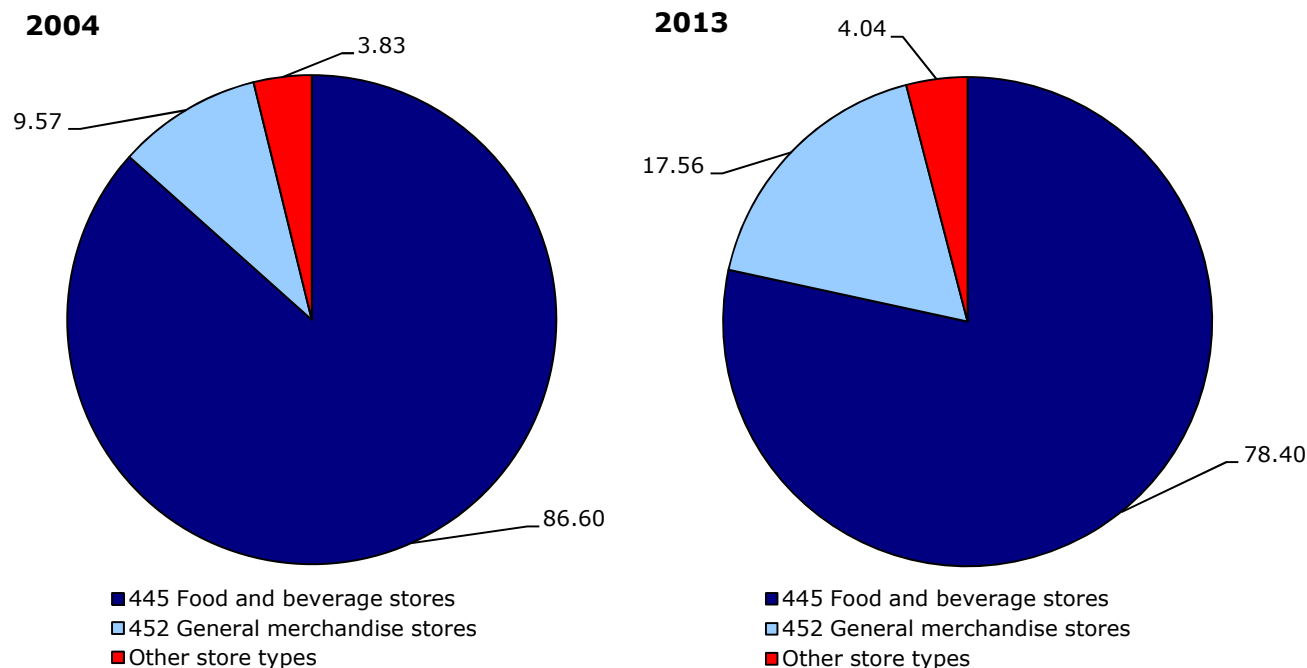
2. Ibid.

3 Food sales in 2013 reflected changing business models

Sales at food and beverage stores rose 1.0%. The majority of the gains came from a 1.1% rise in sales of food. According to the Consumer Price Index, the prices of food purchased from stores rose 1.1%.

General merchandise stores continued their expansion into the food market rising 3.5% in 2013. Receipts from food and beverage sales rose 9.2% in 2013, increasing their share of total retail spending on food and beverages by 0.9 percentage points to 14.3%. Conversely, the share of total retail food and beverage sales at food and beverage stores fell to 80.7%, a decrease of 1.1 percentage points from 2012. Over a ten year period beginning in 2004, the market share of food sales at food and beverage stores has decreased on average 0.9% each year.

Chart 2
Market share of food by store type - 2004 and 2013

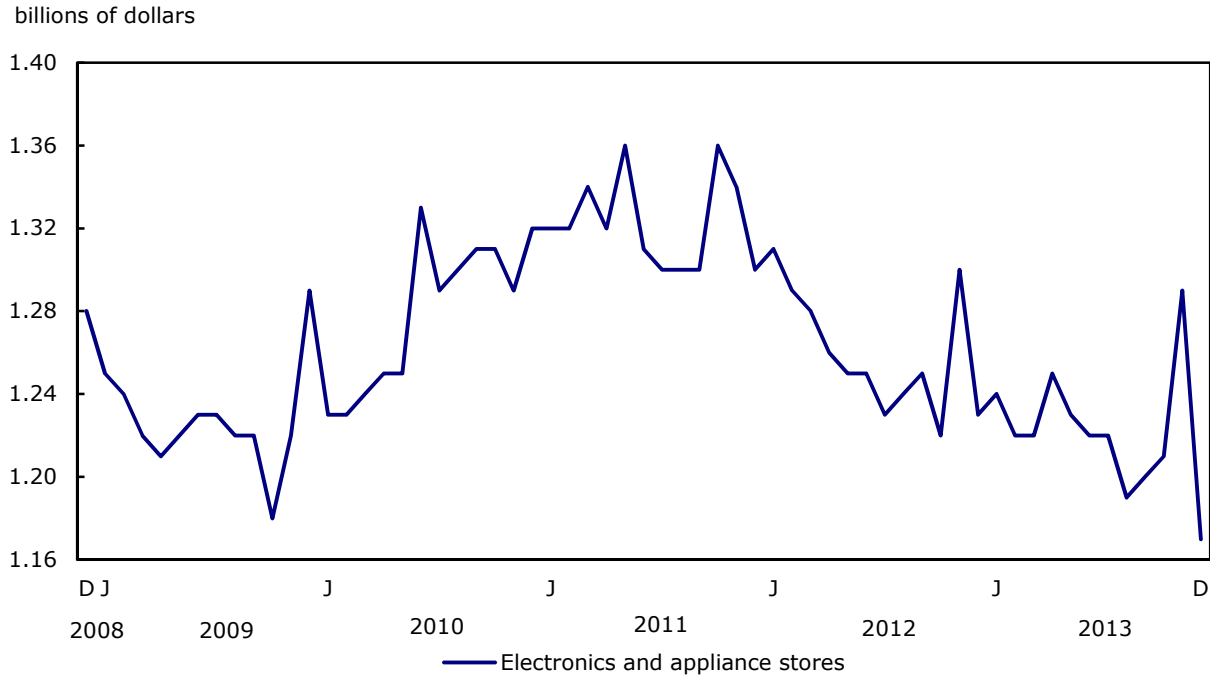


Source: Statistics Canada, CANSIM, table 080-0022.

4 Sales of electronics declined in 2013

Following a 4.6% decrease in 2012, electronics and appliance stores (-3.1%) was the only subsector to decline in 2013. While monthly sales in this subsector are influenced by new product releases, they have been trending downwards since mid-2011. Sales of home electronics, computers and cameras at electronics and appliance stores declined 4.8%, the commodity grouping’s second annual negative posting. Higher receipts of household appliances (+2.9%) mitigated the losses within the subsector.

Chart 3
Seasonally adjusted retail sales



Source: Statistics Canada, CANSIM, table 080-0020.

Total employment in the retail trade industry grew 1.5% to reach 1.9 million in 2013, accounting for 12.4% of total employment in Canada. Job increases in Ontario (+1.7%) and Alberta (+3.6%) accounted for much of the gain. Retail trade employment in the Atlantic Provinces was unchanged as gains in Newfoundland and Labrador (+3.1%) were offset by declines in Nova Scotia (-0.9%), Prince Edward Island (-2.9%) and New Brunswick (-0.3%).

Employment grew significantly in the food and beverage stores subsector (+1.9%) on the strength of higher employment at grocery stores, particularly in Ontario and Quebec. Motor vehicle and parts dealers employment advanced (+3.7%) as did clothing and clothing accessories stores (+1.9%). Industry restructuring was a major factor in employment declines at general merchandise stores (-1.6%) and electronics and appliance stores (-5.0%).

Table 1
Employment growth by retail trade subsector (NAICS)

| Retail Subsector | Employment | | Employment Growth | |
|---|------------------|------------------|-------------------|------------|
| | 2012 | 2013 | 2012 | 2013 |
| | number | | percent | |
| Motor vehicle and parts dealers | 189,159 | 196,118 | 2.1 | 3.7 |
| Furniture and home furnishing stores | 71,732 | 74,005 | 2.8 | 3.2 |
| Electronics and appliance stores | 73,244 | 69,591 | -1.6 | -5.0 |
| Building material and garden equipment and supplies dealers | 134,600 | 137,014 | 1.0 | 1.8 |
| Food and beverage stores | 501,242 | 510,540 | 0.5 | 1.9 |
| Health and personal care stores | 162,524 | 167,777 | 3.4 | 3.2 |
| Gasoline stations | 78,885 | 78,536 | -1.7 | -0.4 |
| Clothing and clothing accessories stores | 217,518 | 221,575 | -0.4 | 1.9 |
| Sporting goods, hobby, book and music stores | 74,770 | 75,260 | -3.1 | 0.7 |
| General merchandise stores | 260,367 | 256,217 | 0.9 | -1.6 |
| Miscellaneous store retailers | 96,895 | 97,557 | 4.1 | 0.7 |
| Total Retail Trade | 1,860,935 | 1,884,191 | 0.8 | 1.2 |

Note(s): Totals may not add due to rounding.

Source(s): Statistics Canada, CANSIM Table 281-0024.

5 Sales growth strongest in the Prairie Provinces

Retail sales advanced in every province in 2013. For the second consecutive year, Alberta (+6.9%) registered the highest rate of retail sales growth in Canada. Higher sales at motor vehicle and parts dealers (+13.4%) and, to a lesser extent, gasoline stations (+7.7%) contributed to the increase. According to the New Motor Vehicle Sales survey, 6.9% more vehicles were sold in 2013, with increases in sales of passenger cars (+1.8%) and trucks (+9.7%). Sales of new motor vehicles in Alberta have been trending noticeably upwards since 2010. General merchandise store sales rose 5.4%.

Following a 1.6% gain in 2012, retail sales in Ontario (+2.3%) advanced for the fourth consecutive year. Higher sales were reported at motor vehicle and parts dealers (+3.3%), food and beverage stores (+1.9%) and building material and garden equipment and supplies dealers (+6.3%).

Retail sales rose in Quebec (+2.5%) for the fourth year in a row. Sales at motor vehicle and parts dealers advanced 3.8% as higher sales of new trucks more than offset lower sales of new passenger cars. General merchandise stores had a 4.2% sales gain while sales at building material and garden equipment and supplies dealers fell 5.5%.

British Columbia experienced a 2.4% increase in retail sales with higher receipts posted at motor vehicle and parts dealers (+5.4%) and food and beverage stores (+1.9%).

Retail sales in Saskatchewan grew 5.1%, the second highest national growth rate. The advance in Saskatchewan followed a 7.4% gain in 2012 and a 7.3% increase in 2011. The sales growth rate for motor vehicle and parts dealers (+10.1%) was the third highest in Canada. General merchandise stores posted a 6.9% increase.

Following the only provincial decrease in 2012, retail sales in New Brunswick (+0.7%) advanced on the strength of higher sales in 7 of 11 subsectors.