

# CANADIAN RETAIL SALES 2014



4/1/2015

COPA Business Report

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# Canadian Retail Sales 2014

## COPA BUSINESS REPORT

### OVERVIEW

In 2014, nothing much happened, and that's not bad. The economy was slightly better. Employment was slightly up, as was population and wages; but, prices were also up a similar amount.

Interest rates stayed low and governments didn't increase taxes, fees, utilities or public transportation. The increases in household debt slowed, but still increased. The savings rate dropped, but only a little.

Many consumers chose to upgrade their automobile—not because of the slick ads or social media, but simply because their current one was old.

Also,

- The Walmart / Target war never happened.
- General merchandisers continued to make inroads into the food industry.
- Weston bought Shoppers Drug Mart and converted it into a general merchandiser.
- Retail sales in all months were higher than 2013.

### THE DETAILS

Indicators	2013	2014	Variance	% Var.
Population (x 1,000)	28,809	29,117	308	1.1%
Labour force (x 1,000)	19,108	19,128	20	0.1%
Employment (Full time +1.1%, Part-time - 0.4%) (x 1,000)	17,730	17,852	121	0.7%
Employment Participation rate	66.3%	65.7%	-0.01	-0.9%
Gross domestic product (expenditure, \$ billion)	1,330	1,358	28	2.1%
Consumer Price Index (Inflation)	122.8	125.2	2.40	2.0%
Business investment: Machinery and equipment (\$ billion)	775.8	776.9	1.10	0.1%
Household final consumption expenditure	1,043.0	1,072	29.00	2.8%
Retail Trade (X \$1,000,000)	\$483	\$506	23	4.8%

### Household Expenditures

***“If you asked people to name their household's biggest expense, many would likely say housing, but in reality the average Canadian family spends more on taxes than all basic necessities including housing.”*** – Charles Lammam, Fraser Institute

In 1961, the average family had an income of \$5,000 and paid a total tax bill of \$1,675 (33.5 per cent). In 2013, the average Canadian family earned an income of \$77,381 and paid taxes totaling \$32,369 (41.8 per cent).

## Household Expenditures (After Tax)

Current costs unadjusted for price increases: 1.8% – 2%

Household Expenditures (After Tax, Billions \$)	2014	Var to 2013	% Var
Housing, water, electricity, gas and other fuels	260799	13,079.00	5.3%
Transport	166744	9,843.00	6.3%
Food and non-alcoholic beverages	96624	3,117.00	3.3%
Insurance and financial services	88984	4,823.00	5.7%
Recreation and culture	87451	1,380.00	1.6%
Food, beverage and accommodation services	73359	3,209.00	4.6%
Furnishings, household equipment	56949	2,178.00	4.0%
Miscellaneous goods and services	54842	2,445.00	4.7%
Health	45413	2,085.00	4.8%
Clothing and footwear	43715	1,966.00	4.7%
Alcoholic beverages and tobacco	35547	1,453.00	4.3%
Communications	26971	1,430.00	5.6%
Net expenditure abroad	18722	49.00	0.3%
Education	16702	823.00	5.2%
Household final consumption expenditure	1072822	47,880.00	4.7%

If you add the cost of electricity, water, interest rates and other government fees, which are either set or heavily influenced by governments, then it becomes clear that governments determine how much money households have left to spend on everything else, i.e. retail.

More than half of all (after tax) household expenditures are not classified or reported as retail sales. Housing—including rental, banking and insurance, restaurants, travel, entertainment, and even trades such as plumbing, carpentry, and installation services—are all reported as household expenditures, but are not included in retail sales reports from Stats Canada.

Household Expenditures (Billions \$)	2013	2014	Variance	%
Total Household Expenditures	\$1,043	\$1,072	\$29	2.8%
Retail Sales	\$483	\$505	\$22	4.6%
Other Expenditures	\$560	\$567	\$7	1.3%

All retailers operate within this “macro-environment,” which includes both economic and governmental influences and shapes how consumers manage and spend their money. While companies in the retail industry cannot influence or change the macro-environment, they must adapt to changes as they arise. A retailer must understand the role of each to compete within the retail industry.

Do you factor in the macro-environment into your business plan? Do you want more information on a regular basis? Contact: Sam Moncada at [smoncada@copa.ca](mailto:smoncada@copa.ca) or 905-624-9462 ext. 228.