

## Analytical Paper

### Analysis in Brief

# Retail: The Year 2014 in Review

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# Retail: The Year 2014 in Review

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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<sup>s</sup> 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 2014 in Review***

by Jason Aston and Simon Sheldrick

### **1 Introduction**

Retail sales grew 4.6% in 2014, the highest annual growth rate since 2010. Higher sales were reported in all subsectors and provinces. This growth was reflected in real terms as total retail sales volumes rose 3.5%, also the highest growth rate posted since 2010. Comparatively, retail sales in the United States grew 3.5% in 2014, the lowest growth rate since 2009.

The principal contributor to the 2014 gain was the motor vehicle and parts subsector, as an all-time record number of passenger cars and trucks were sold. For the first time since 2007, new and used motor vehicles (17.5%) accounted for a higher share of retail sales than food (+17.4%).

Monthly sales slowed in the final quarter at gasoline stations, following depreciation in crude oil prices. Sales of automotive fuels, oils and additives comprised 10.4% of total retail sales in the fourth quarter, the lowest level since 2010.

The general merchandise stores subsector saw an increase of sales in 2014, as it continued to increase its share of food and beverage sales, while its share of sales of clothing, footwear and accessories declined.

Sales at electronic and appliance stores (+1.3%) rose for the first time since 2011. An increase in sales of household appliances (+10.8%) was the major contributor.

### **2 Highest vehicle sales gain since 2010**

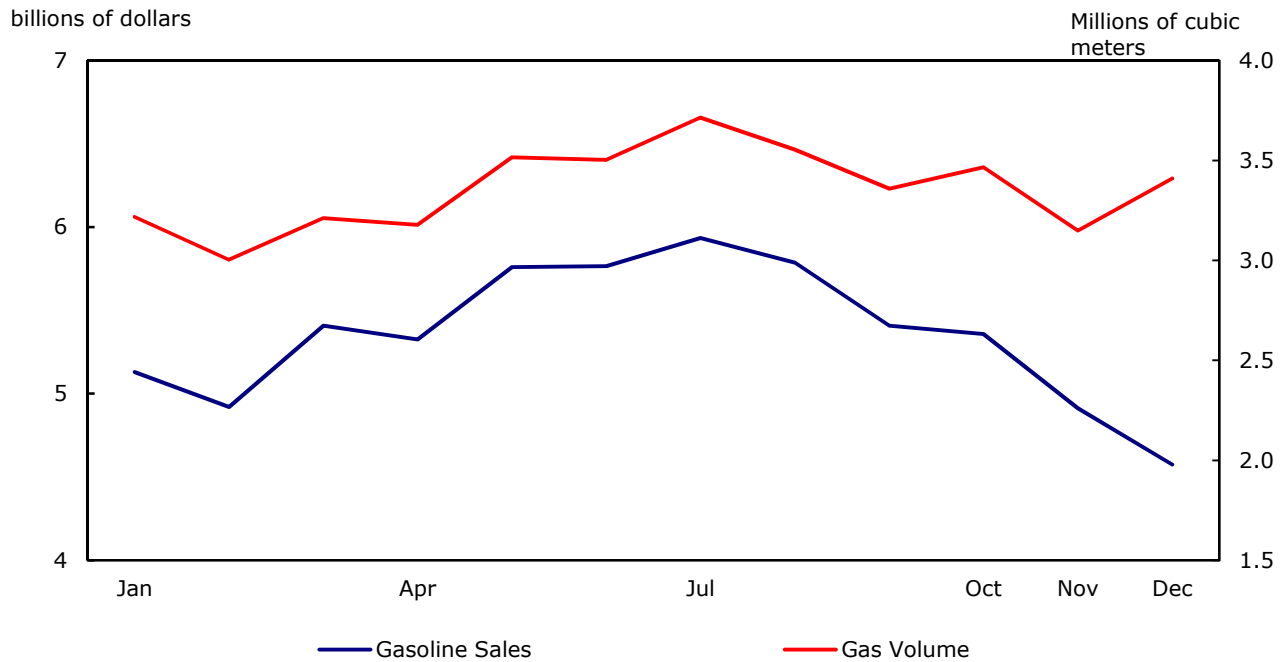
Sales at motor vehicle and parts dealers rose 7.1% in 2014. This increase was mainly due to an 8.2% advance at new car dealers, who reported their largest annual gain since 2010.

According to the New Motor Vehicle Sales Survey, the number of cars, trucks and buses sold hit a record high, totalling 1,890,387 units sold in 2014. This represents a 6.4% increase in units sold from the previous year. On a monthly basis, the number of units sold increased from 2013 in 11 of the 12 months, setting record monthly sales. The average value of motor vehicles sold rose 2.1% to \$34,996.

### **3 Fuel sales declining by the end of 2014**

Sales at gasoline stations grew 4.7% in 2014, led by a 5.0% increase in receipts for automotive fuels, oils and additives. Nearing the end of 2014, lower prices at the pump led to a 5.7% fourth quarter decline in motor gasoline sales while sales in volume terms rose during the same period.

**Chart 1**  
**Gasoline in 2014**



**Source:** Statistics Canada. CANSIM Table 080-0020 and 134-0004

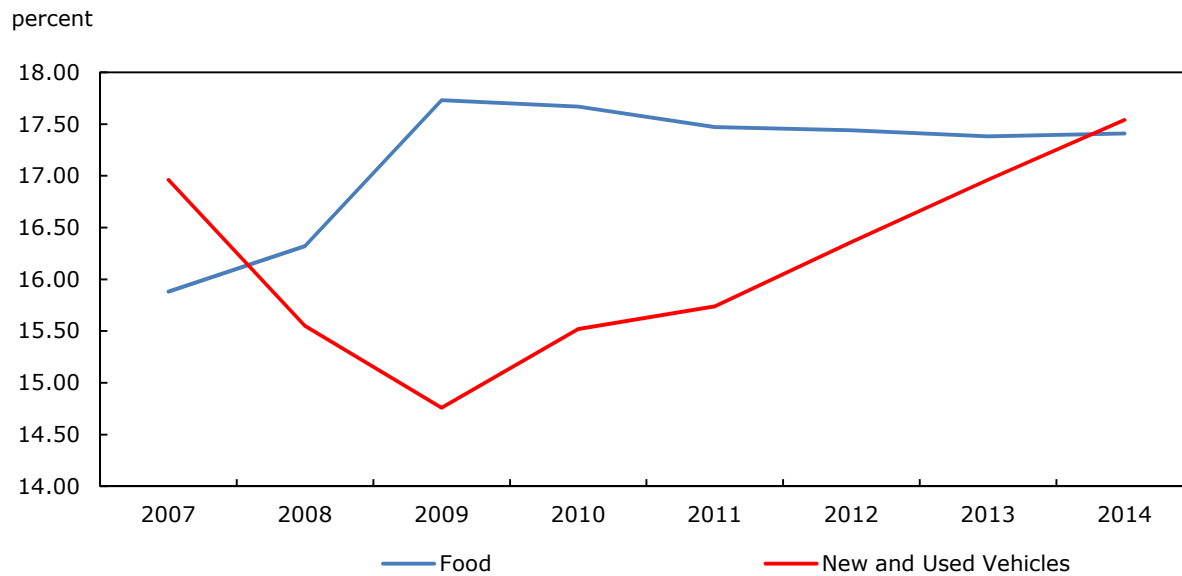
The share of total retail sales that is comprised of automotive fuel sales fell to 10.2% in the fourth quarter of 2014, its lowest level since 2010.

#### 4 More of the retail dollar spent on vehicles than food

Food and motor vehicles continue to account for the largest shares of retail spending. For the first time since 2007, the share of retail spending for new and used vehicles (+17.5%) was slightly higher than that of food (+17.4%). The percentage of the retail dollar spent on new and used vehicles has been steadily climbing since its all-time low of 14.8%, in 2009 while the portion spent on food has remained relatively unchanged since 2011.



**Chart 2**  
**Percentage of Total Retail Sales by Commodity**

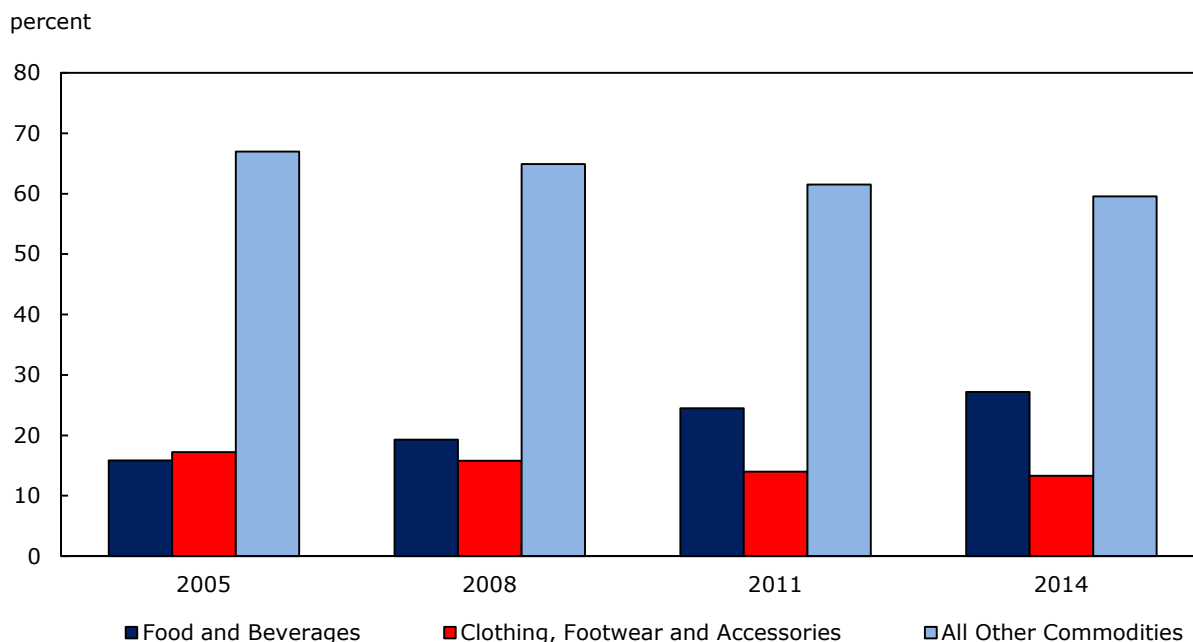


**Source:** Statistics Canada, CANSIM Table 080-0022

## 5 General merchandise stores continue their growth

General merchandise store sales rose 6.2% in 2014, led by a 9.3% increase in food and beverages. Continuing their expansion into the food market, general merchandisers increased their market share of food and beverage sales by 0.7 percentage points to 15.0%. Food and beverages now account for 27.2% of general merchandisers' sales, up from 15.8% in 2005.

**Chart 3**  
**General Merchandise Store Total Sale Composition by Commodity**



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

Although sales of clothing, footwear and accessories at general merchandise stores grew 2.7% in 2014, the proportion of retail spending on clothing that occurs at general merchandise stores continued to decline. General merchandisers held 21.7% of the clothing market after peaking at 23.9% in 2008. Most of this market share erosion can be attributed to clothing and clothing accessories stores, whose market share has risen 0.7% over the same time period.

Sales at sporting goods, hobby, book and music stores advanced 5.6%, their highest growth rate since 2000. This was largely attributable to higher sales of clothing, footwear and accessories (+12.6%). The sales composition for sporting goods, hobby, book and music stores has slowly been shifting, with clothing, footwear and accessories now accounting for 25.0% of their total sales, up from 20.7% in 2008.

Despite flat sales of home electronics, computers and cameras, electronics and appliance stores posted a sales gain of 1.3% in 2014, the sector's first positive posting since 2011. The majority of the sector's gains came from a 10.8% increase in the sales of household appliances. The sales composition for electronics and appliances stores has been changing slowly since 2012, shifting from home electronics to household appliances. Household appliances now account for 13.7% of sales at electronics and appliance stores, up from 12.6% in 2013 and 11.8% in 2012. In terms of market share, electronics and appliance stores increased their market share of household appliances by 2.0% in 2014, largely at the expense of general merchandise stores.

## 6 Retail up in all provinces

Retail sales advanced in every province in 2014. For the second consecutive year, Alberta (+7.5%) registered the highest rate of retail sales growth in Canada. The 16.7% rise in sales at gasoline stations was mainly volume-driven, as retail sales of motor gasoline in volume terms grew 18.8% according to the Supply and Disposition of Refined Petroleum Products. Sales of new motor vehicles continued their upward trend since 2010 with a 7.7% increase at motor vehicle and parts dealers, mainly due to a 12.1% rise in the number of new trucks sold.

Retail sales in Ontario increased for the fifth consecutive year, up 5.0% in 2014. Higher sales were spurred by increases at motor vehicle and parts dealers (+9.6%), general merchandise stores (+5.7%) and food and beverage stores (+2.4%).

Retail sales rose in British Columbia (+5.6%), with higher receipts posted at motor vehicle and parts dealers (+8.7%) and food and beverage stores (+4.7%).

Quebec (+1.7%) posted their fifth consecutive annual increase, with higher receipts reported at motor vehicle and parts dealers (+3.3%). General merchandise stores sales increased 3.5%, while sales at electronics and appliance stores fell 5.4%.

Saskatchewan (+4.6%) and Manitoba (+4.3%) posted higher sales for the fifth consecutive year. The advance in Saskatchewan was primarily due to higher sales at general merchandise stores (+11.4%) and gasoline stations (+7.1%). In Manitoba, retail sales advanced largely on the strength of higher sales at motor vehicle and parts dealers (+10.0%).

In the Atlantic Provinces, higher sales at motor vehicle and parts dealers and food and beverage stores were the main contributors to gains in Nova Scotia (+2.3%) and Prince Edward Island (+3.3%). Following a decrease in 2012, retail sales in New Brunswick (+3.8%) advanced for the second year in a row, while sales rose 3.4% in Newfoundland and Labrador.

## 7 Employment in Retail 2014

Total employment in the retail trade industry grew 1.1% to reach 1.94 million in 2014, accounting for 12.4% of total non-farm payroll employment.

Job increases in Ontario (+2.5%) and Alberta (+3.0%) accounted for much of the gain. Retail trade employment in the Atlantic Provinces declined 1.3%, as gains in Newfoundland and Labrador (+1.6%) and Prince Edward Island (+5.0%) were more than offset by declines in New Brunswick (-4.2%) and Nova Scotia (-1.6%).

Employment grew in the motor vehicle and parts dealers subsector (+4.3%), health and personal care stores (+4.6%) and clothing and clothing accessories stores (+2.4%). Industry restructuring was a factor in employment declines at food and beverage stores (-0.7%) and electronics and appliance stores (-5.2%).

Employees within the motor vehicle parts dealers continue to post the highest average weekly wage, posting a 4.6% increase from 2013 to \$969. Conversely, wages at clothing and clothing accessories stores (+5.1%) were again the lowest in 2014 at \$391.

**Table 1**  
**Employment growth by retail trade subsector (NAICS)**

	2013	2014	2013	2014
	Number of Persons		Percentage Change	
Motor vehicle and parts dealers	196,118	204,593	3.7	4.3
Furniture and home furnishings stores	74,005	75,714	32	2.3
Electronics and appliance stores	69,591	66,001	-5	-5.2
Building material and garden equipment and supplies dealers	137,014	135,022	1.8	-1.5
Food and beverage stores	511,672	507,889	1.9	-0.7
Health and personal care stores	167,777	175,446	3.2	4.6
Gasoline stations	78,536	80,838	-0.4	2.9
Clothing and clothing accessories stores	221,575	226,836	1.9	2.4
Sporting goods, hobby, book and music stores	75,260	78,013	0.7	3.7
General merchandise stores	256,217	257,687	-1.6	0.6
Miscellaneous store retailers	97,557	96,820	0.7	-0.8
<b>Total Retail Trade</b>	<b>1,915,115</b>	<b>1,936,313</b>	<b>1.5</b>	<b>1.1</b>

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

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