

Annual retail trade, 2018

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, May 27, 2020

Retail customers spent \$654.1 billion at Canadian store and non-store retailers in 2018, leading to a 3.9% increase in operating revenue for the retail trade industry over the previous year. This rise was largely attributable to higher prices. In 2018, the [Consumer Price Index \(CPI\)](#) increased by 2.3%, the largest upswing since 2011.

Notably, retail prices increased for passenger vehicles (+1.5%), food purchased from stores (+0.8%) and gasoline (+12.6%). According to results from the [Monthly Retail Trade Survey \(MRTS\)](#), retail sales in volume terms rose by 0.9%. Other factors that affected the financial position of retailers include a slowdown in household demand, higher interest rates, higher minimum wages in several provinces and the imposition of tariffs on certain goods imported from the United States in 2018.

Online retail continues to grow

In 2018, retail e-commerce sales grew by 29.2%, the largest year-over-year increase since 2013. E-commerce operating revenue accounted for 3.4% (\$22.1 billion) of total store and non-store retail revenue in 2018. Non-store retailers accounted for 66.0% of total e-commerce revenue, which primarily came from online sales of electronic shopping and mail-order houses.

Motor vehicle and parts dealers, food and beverage stores, and gasoline stations lead growth in store sales

The growth in operating revenue was widespread throughout the retail sector, with 10 of the 11 store subsectors experiencing gains. However, most of the gains were concentrated in three subsectors: motor vehicle and parts dealers, food and beverage stores, and gasoline stations. Higher sales in these subsectors accounted for over two-thirds of the total increase in operating revenue.

In 2018, sales for the largest subsector—motor vehicle and parts dealers—increased 2.5% to \$170.1 billion, as new motor vehicle sales remained at historically high levels. For new car dealers, who represented nearly 80% of sales within this subsector, sales grew by 2.2% to \$134.9 billion. According to results from the [New Motor Vehicle Sales Survey](#), this increase came from higher truck sales (+5.9%), which more than offset lower passenger car sales (-8.9%).

The second-largest subsector—food and beverage stores—increased 2.8%, representing \$127.4 billion in operating revenue in 2018. According to the [CPI](#), prices of non-durable goods rose the most for fresh vegetables (+6.4%) because supply shortages caused by severe weather patterns affected prices in 2018.

Total operating revenue for gasoline stations grew 9.2% to \$68.7 billion in 2018 as prices at the pumps rose significantly. According to results from the [MRTS](#), when the price effect is removed, gasoline station sales—in terms of volume—decreased by 1.8% in 2018. According to the [CPI](#), the annual average price of gasoline rose by 12.6% over the same period.

Non-store retailers led the retail sector in growth, with operating revenue rising by 20.2% to \$29.8 billion in 2018. Growth in the non-store subsector was led by electronic shopping and mail-order houses and by fuel dealers.

Operating revenue up in nine provinces

In 2018, operating revenue at store and non-store retailers was up in all provinces except Newfoundland and Labrador, which saw a drop of 2.2%. Ontario led the increase in total operating revenue (+\$12.8 billion, or +5.4%), followed by Quebec (+\$5.3 billion, or +4.0%) and British Columbia (+\$3.6 billion, or +4.1%). The increases were primarily attributable to higher prices for passenger vehicles, fresh foods at supermarkets and gasoline.

Ontario (38.0%), Quebec (21.0%), British Columbia (13.9%) and Alberta (13.3%) accounted for the largest share of operating revenue in 2018, representing \$563.9 billion—or 86.2%—of total operating revenue.

Margins remain relatively stable for Canadian store retailers

The gross margins of retailers fell slightly, from 26.6% in 2017 to 26.5% in 2018. Gross margins grew in 3 of the 11 retail subsectors, with electronics and appliance stores (+1.6%), furniture and home furnishings stores (+0.8%), and food and beverage stores (+0.5%) experiencing the largest gains. Operating profit margins for retailers dipped slightly from 4.9% in 2017 to 4.8% in 2018.

The cost of goods sold by retailers increased by 3.3% in 2018. The cost of goods sold represented roughly 73% of operating revenue. Store retailers turned over their inventory (cost of goods sold divided by the average inventory value) 5.5 times in 2018.

Total operating expenses, including labour remuneration, grew 3.3% to \$135.6 billion in 2018. Increases to provincial minimum wages in 2018—especially in Ontario (+20.7%, from \$11.60 to \$14.00), British Columbia (+11.5%, from \$11.35 to \$12.65) and Quebec (+6.7%, from \$11.25 to \$12.00)—contributed to higher operating expenses for store retailers.

Cannabis stores enter retail landscape

Following the legalization of cannabis on October 17, 2018, sales at cannabis retailers totalled \$157.6 million during the partial year of operation in 2018. Differences in retail structures in each province and territory affected the availability of cannabis products across the country.

A glance at 2019

The estimates in this release are for 2018. While the financial estimates for 2019 have not yet been finalized, a first glance at what to expect is presented based on trends from the [MRTS](#).

In 2019, retailers continued to report modest growth, with the [MRTS](#) showing that sales were up 1.6%.

In 2019, retail e-commerce sales for store and non-store retailers continued to increase—up 23.1%, according to the [MRTS](#). As a result, the share of e-commerce sales as a percentage of total retail sales reached 3.5%.

Sales at new car dealers grew by 2.3% in 2019, according to the [MRTS](#). Food and beverage store sales showed a modest gain of 2.2% last year, the smallest year-over-year growth since 2014. According to the [CPI](#), consumers paid—on average—more for food purchased from stores (+3.7%). This is primarily attributable to higher prices for vegetables (+12.7%) and beef products (+3.5%) in 2019. Agriculture supply issues from severe weather patterns, exchange rate pressures and strong foreign demand for Canadian beef products were factors that bolstered prices in 2019.

Gasoline station sales fell 3.6% to \$65.3 billion in 2019, following two consecutive years of strong growth in 2017 (+12.9%) and 2018 (+9.3%). Gasoline prices declined 6.1% in 2019 despite the introduction of carbon levies in some Canadian provinces.

Ontario (+2.9%) and Quebec (+1.9%) led the national gain in retail sales, according to the [MRTS](#). Conversely, sales in Alberta decreased 0.9% following a 2.0% increase in 2018. Sales were down in Saskatchewan (-0.5%), and Newfoundland and Labrador (-0.1%) for a second consecutive year.

In 2019, the first full calendar year of cannabis legalization, sales at cannabis stores totalled \$1.2 billion, according to the [MRTS](#). More cannabis stores opened in 2019, increasing the average [Canadian's proximity to brick-and-mortar cannabis stores](#). Supply chain development, the roll-out of brick-and-mortar stores, the pricing of products and the implementation of Cannabis 2.0 products in late 2019 all supported higher cannabis sales.

Note to readers

Data for 2017 have been revised.

Trucks include minivans, sport utility vehicles, light and heavy-duty trucks, vans, and buses.

As of October 17, 2018, the date of legalization, the annual retail trade survey collects and disseminates sales of licensed cannabis stores. This includes both store and e-commerce sales.

Available tables: [20-10-0064-01](#) to [20-10-0066-01](#) and [20-10-0068-01](#).

Definitions, data sources and methods: survey numbers [2447](#) and [2448](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).