

# Retail sales increase in 2019, due to higher prices

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In 2019, retail customers spent \$670.6 billion at Canadian store and non-store retailers, leading to a modest growth (+2.5%) in operating revenue for the retail trade industry over 2018. This increase was largely attributable to higher prices. Notably, retail prices increased for passenger vehicles (+2.5%), food purchased from stores (+3.7%), fresh vegetables (+12.7%) and for meat (+3.8%). Inflation slowed to 1.9% in 2019, following a 2.3% increase in 2018. According to results from the [Monthly Retail Trade Survey \(MRTS\)](#), retail sales in volume terms fell by 0.1% in 2019. Other factors that affected the financial position of retailers in 2019 were a slowdown in household demand, upward pressure from wages, exchange rate pressures and global trade tensions, including tariffs on certain goods from the United States.

## Online retail continues to grow

In 2019, retail e-commerce sales grew by 26.1%, representing a second consecutive year of strong e-commerce growth. E-commerce operating revenue accounted for 4.2% (\$28.1 billion) of total store and non-store retail revenue in 2019. Non-store retailers accounted for 67.2% of total e-commerce revenue, which came primarily from electronic shopping and mail-order houses (NAICS 45411) online sales.

## Motor vehicle and parts dealers, food and beverage stores, and general merchandise stores lead growth in store sales

Growth in operating revenue was widespread throughout the retail sector, with 8 of 11 store subsectors experiencing gains. However, most of the gains were concentrated in four subsectors: motor vehicle and parts dealers, food and beverage stores, general merchandise stores and health and personal care stores. Higher sales in these subsectors accounted for over two-thirds of the total increase in operating revenue.

In 2019, sales for the largest subsector—motor vehicle and parts dealers—increased 2.1% to \$173.6 billion, with new motor vehicle sales remaining at elevated levels. For new car dealers, which represented nearly 80% of sales within this subsector, sales grew by 1.5% to \$136.9 billion. According to results from the [New Motor Vehicle Sales Survey](#), this increase came from higher truck sales (+1.9%) and zero-emission vehicles (+16.7%), which offset lower sales of passenger cars (-17.1%).

In 2019, sales increased 3.2% in the second-largest subsector—food and beverage stores, representing \$131.5 billion in operating revenue. According to the [Consumer Price Index](#), prices of non-durable goods rose the most for fresh vegetables (+12.7%) because of supply shortages caused by severe weather patterns in 2019.

Sales by general merchandise stores increased 5.1% in 2019 to \$73.2 billion. According to the [Retail Commodity Survey](#), in 2019, food at retail stores represented approximately one-third of sales at general merchandise stores, followed by sales of home furniture, furnishings, housewares, appliances and electronics (21.1%).

Operating revenue for gasoline stations fell 5.4% to \$65.0 billion in 2019, following two years of strong growth, in 2017 (+11.4%) and 2018 (+9.2%). This decrease came from [lower prices of fuel at gas stations](#), which fell 6.1% over the same period. Results from the [MRTS](#) show that, when the price effect is removed, gasoline station sales—in terms of volume—decreased 1.2% in 2019.

Non-store retailers led the retail sector in growth, with operating revenue rising by 12.4% to \$33.9 billion in 2019. Growth in the non-store subsector was led by electronic shopping and mail-order houses.



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## Operating revenue up in nine provinces

In 2019, operating revenue at store and non-store retailers rose in all provinces with the exception of Newfoundland and Labrador, where it decreased by 1.3%. Ontario led the increase in total operating revenue (+\$8.5 billion, or +3.4%), followed by Quebec (+\$4.8 billion, or +3.5%) and British Columbia (+\$1.2 billion, or +1.3%). The increases resulted primarily from higher prices for passenger vehicles and for fresh vegetables and meat products at supermarkets.

Ontario (38.3%), Quebec (21.3%), British Columbia (13.7%) and Alberta (13.0%) accounted for the largest share of operating revenue in 2019, representing \$578.7 billion—or 86.3%—of total operating revenue.

## Margins remain relatively stable for Canadian store retailers

The gross margins of retailers fell slightly, from 26.6% in 2018 to 26.4% in 2019. Gross margins grew in 2 of the 11 retail subsectors. Modest gains were recorded by sporting goods stores, hobby stores and book and music stores (+0.6%) and clothing and clothing accessories stores (+0.5%). Operating profit margins for retailers dipped slightly from 4.9% in 2018 to 4.6% in 2019.

The cost of goods sold by store retailers increased by 2.2% to \$468.3 billion in 2019. The cost of goods sold represented roughly 74% of total operating revenue. Store retailers turned over their inventory (cost of goods sold divided by the average inventory value) 5.4 times in 2019.

Total operating expenses, including labour remuneration, grew by 2.8% to \$139.1 billion in 2019. Operating expenses represented roughly 22% of operating revenues.

## Sales of over \$1 billion for cannabis retailers in 2019

For 2019, [the first full year after the legalization of non-medical cannabis](#), revenues at cannabis stores totalled \$1.3 billion. Additional cannabis stores opened in 2019, increasing Canadian's average proximity to brick-and-mortar cannabis stores. Supply chain development, the roll-out of brick-and-mortar stores, the pricing of products and the legalization of new products (e.g., edibles) in late 2019 all supported higher cannabis sales.

## The impact of the COVID-19 pandemic

The estimates in this release are for 2019. While the financial estimates for 2020 have not yet been finalized, a first glance at what to expect is presented according to year-to-date trends from the MRTS through November.

In 2020, the retail industry was affected by measures put in place to limit the spread of COVID-19. According to the [MRTS](#), retail sales from January to November 2020 were down 1.9% compared with the same period in 2019. The advance estimate for December retail sales indicates that overall sales for 2020 will be down approximately 1.3%. Nevertheless, retail sales in November were up 5.6% compared with their pre-pandemic level.

The pandemic accelerated retail [e-commerce growth](#): [online sales](#) have increased 70.7% year-to-date and account for 5.8% of total retail sales.

The [MRTS](#) release, planned for February 19, 2021, will include preliminary estimates for December 2020 and an annual portrait of 2020 retail sales.

### Note to readers

Data for 2017 and 2018 have been revised.

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

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

For more information, see the latest infographic: [Online shopping during the COVID-19 pandemic](#), which is part of the series *Statistics Canada – Infographics (11-627-M)*.

**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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).