

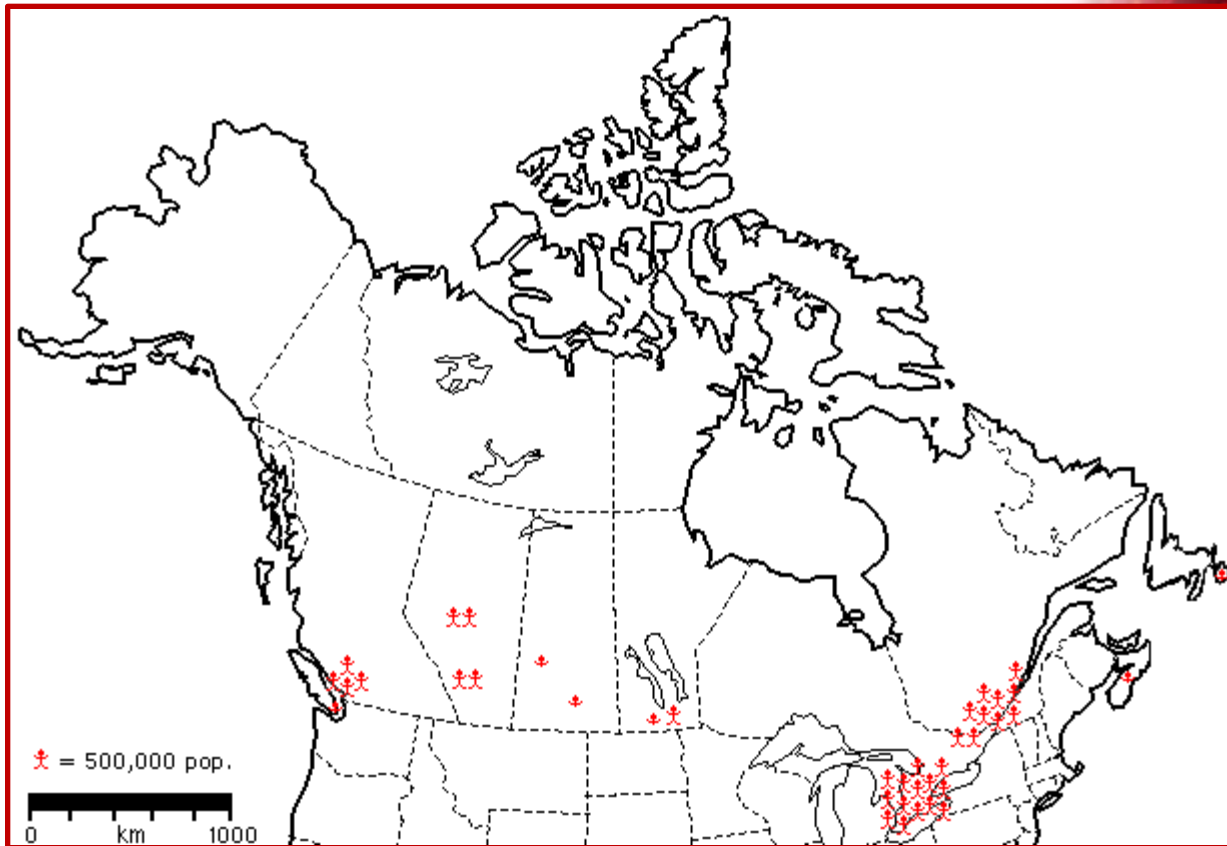
# **The Canadian Retail Landscape**

**Diane Brisebois  
President & CEO  
Retail Council of Canada  
April 11, 2012**

# About Canada About Canadians

# About Canada

- Population: 33,487,000
- 1.5 million international immigrants since 2001
- Highest per-capita immigration rate among industrialized countries
- More than two-thirds of Canadians live in urban areas
- 1 in 5 Canadians live in rural areas
- Two official languages: English and French



90% live within  
100 miles of the  
U.S./Canada border



# About Canada

- Canada has 1.6% more total area
- USA has 9.2 times more people
- USA has a 17% higher growth rate (population)
- Canada has a 26% higher migrant rate
- USA has 29.3% higher disposable income (2009)

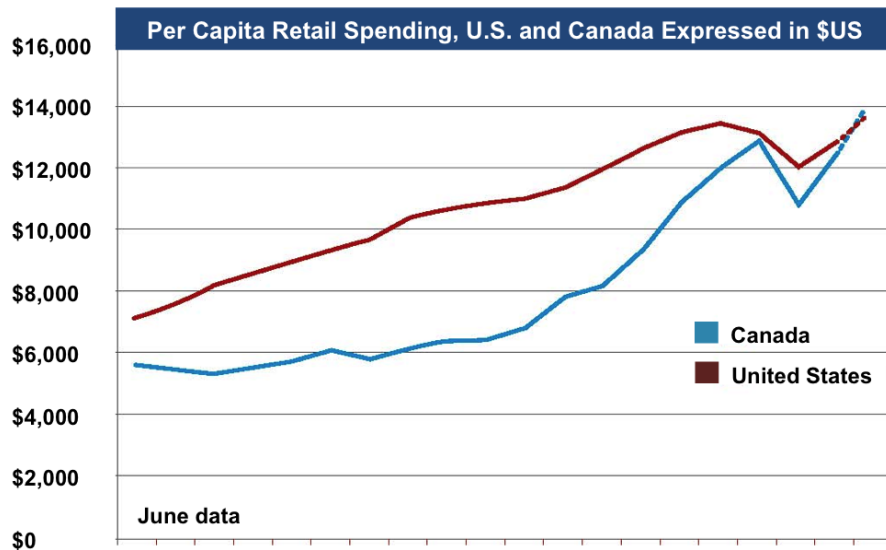
***Factoid:* More people live in California than in all of Canada.**

# About Canada

- Visible minority groups are expected to grow at roughly 8 times the rate of the rest of the Canadian population over the next two decades.
- Their ranks will grow from 5.3 million today to between 11.4 million and 14.4 million by 2031, 1/3 of whom will be Canadian-born.

***Factoid:*** “Visible minorities” will drive over 70% of all growth in consumer spending in the next decade.

# About Canada



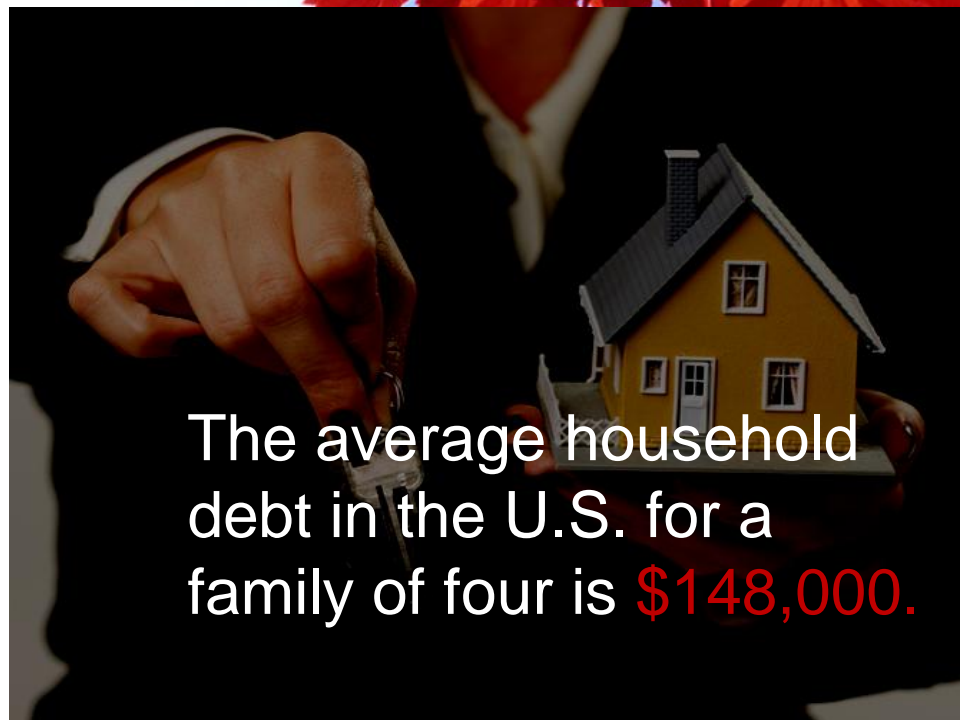
- Per capita retail spending (2011)
- Retail spending per capita for Canada and the U.S., expressed in US dollars, are now equal.

**Factoid:** As recently as 2004, Canadians' retail sales per capita equated to US \$8,000, while south of the border, Americans' spending power was 50% higher, at about US \$12,000 per capita

# About Canadians

The average household debt in Canada for a family of four is **\$176,461.**

- Source: Collier International
- Household debt includes mortgage, credit cards, etc...



The average household debt in the U.S. for a family of four is **\$148,000.**



# About Canadians

- Multi-cultural, savvy, well-educated
- More confident than consumers in the U.S.
- Value-conscious (traditionally less income)
- Quest for value is still very much the current mindset
- Slowly embracing on-line shopping

**Factoid:** Nine out of 10 Canadians participate in loyalty programs, a figure that outpaces the U.S., China, Brazil, and India.

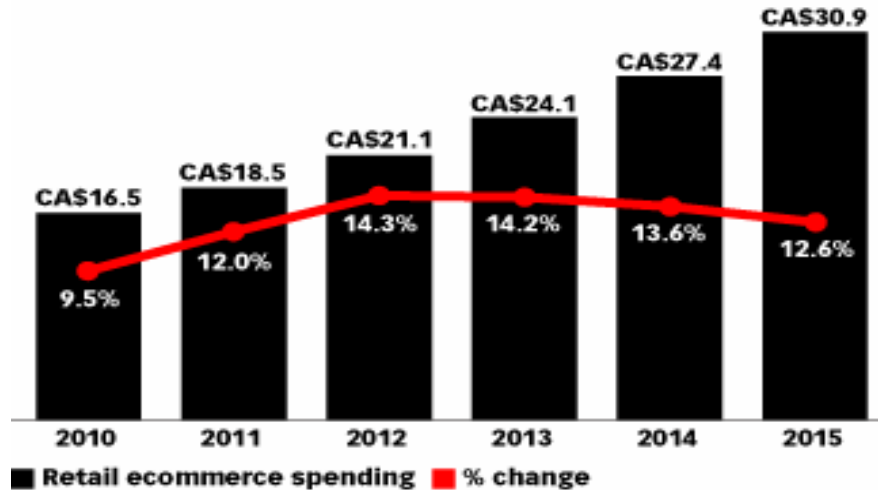
**Factoid:** e-Commerce retail sales in Canada are about 1% of total retail sales, while U.S. e-Commerce sales are 8.6% of total.

# About Canadians

- eMarketer estimates consumers in Canada spent CAD16.5 billion (\$16.0 billion) in 2010 on both domestic and foreign sites for products and services (including travel). By 2015, that amount will nearly double to CAD30.9 billion (\$30.0 billion)
- Online buyers in Canada are extending their purchases beyond travel services, books and event tickets to home electronics, apparel, luxury items and even bulky packaged goods like diapers

# About Canadian Retailing

**Retail Ecommerce Spending in Canada, 2010-2015**  
billions of CA\$ and % change



*Note: includes travel, digital downloads, event tickets and spending on foreign sites*

*Source: eMarketer, Feb 2011*

124239

[www.eMarketer.com](http://www.eMarketer.com)

# About Canadians

- Proximity to the U.S. allows Canadians to do more price comparisons and to wait until 'the price is right'
- Most Canadians believe if they wait long enough, prices will go down
- Price comparison shopping is a hobby in Canada
- Consumers are knowledgeable and take time to find the best deal

**Factoid:** 76% of Canadians describe themselves as cost conscious

**Factoid:** Black Friday & Cyber Monday now part of the Canadian landscape showing promotional mindset of Canadian consumers



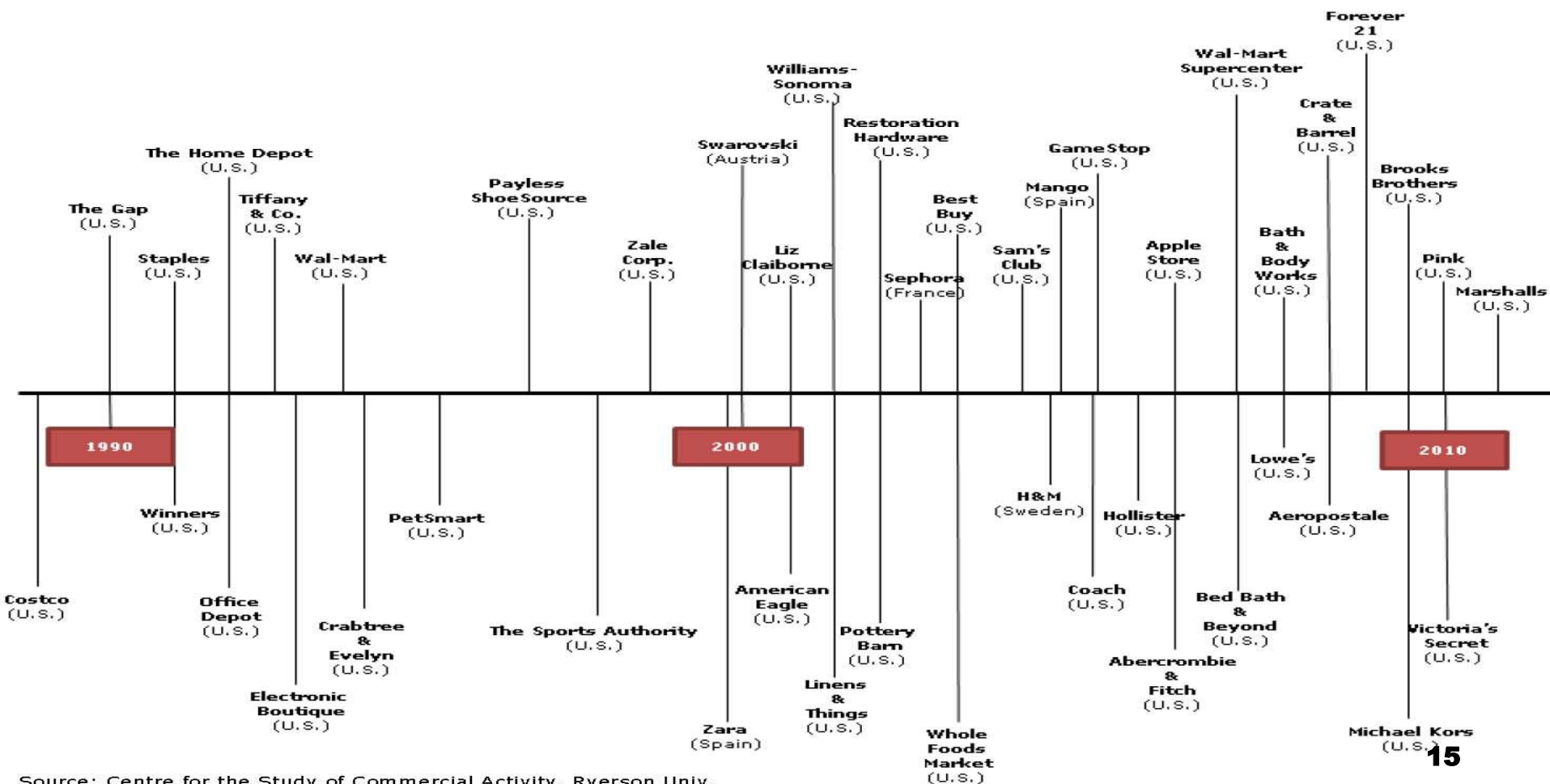
# About Canadian Retailers

# Canadian Retail Market

All Stores	<b>\$454 Billion</b>	<b>100%</b>
<i>All Stores less Auto</i>	<i>\$297 Billion</i>	<i>65% of total sales</i>
Food & Beverage	\$105 Billion	35% of all stores less auto
GM	\$57 Billion	19% of all stores less auto
Health & Personal Care	\$32 Billion	11% of all stores less auto
Furniture/Furnishings	\$29 Billion	10% of all stores less auto
Building Material/Garden	\$27 Billion	9% of all stores less auto
Clothing/Accessories	\$26 Billion	9% of all stores less auto

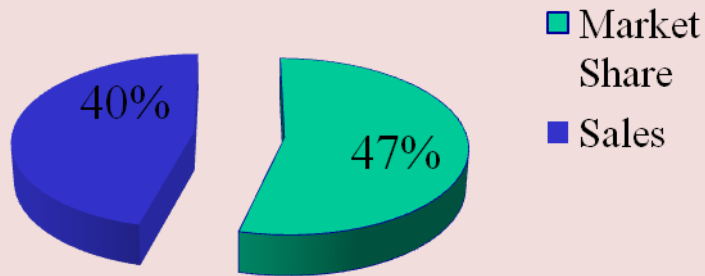
**Figure 3-1**

Selected New Retail Entrants to the Canadian Marketplace, Since 1986

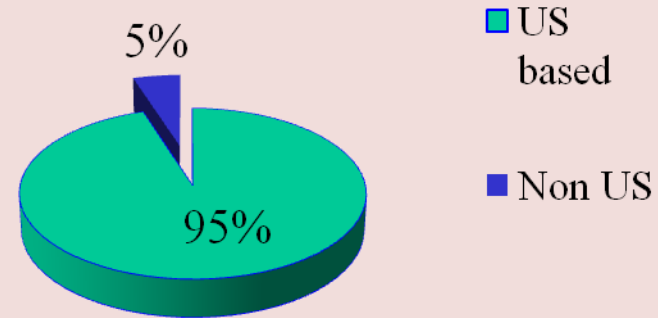


# Impact of Foreign Leading Retailers in Canada

## Foreign Owned Retailers



## Foreign Owned Retailers



**Factoid:** By end of 2009, 57 (or 47%) of the top 121 leading retailers in Canada were foreign owned and operated. They accounted for more than \$85 billion in sales.



# About Canadian Retailing

Consolidation → Competition → Lower prices

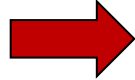
More convenient store locations

Store formats that adapt to the way consumers live and want to shop

Multi-channels as consumers want to shop where and when it's convenient

# About Canadian Retailing

Blurring of Channels



Retail Convergence

Moving beyond traditional product assortments to stocking and selling new product categories

More Canadian customers patronizing alternative channels than before

Moving from grocery to mass merchants, wholesale clubs, drug chains and dollar stores

Time-starved consumers focused on value and convenience

# About Canadian Retailing

- Canadians have 39% less mall space per capita than Americans, though those scarcer but more heavily used malls sell 45% more product per square foot.
- Development does not happen as easily as it does in the U.S. It is due to the shortage of available land, the restrictions many Canadian cities put on commercial space and zoning regulations (industrial/office versus retail)

***Factoid: Canadians lack the shopping density that can be found in the U.S., where there is 23 sq. ft. of shopping floor area per capita. In Canada, there is 14 sq. ft.***

# About Canadian Retailing

## Differences between Canada and the U.S.

- ↪ Highly regulated with little harmonization
- ↪ Higher minimum wage
- ↪ Socially-minded consumers – Social Safety Net
- ↪ Increased labour pressures
- ↪ Transportation (higher gas prices) and supply chain costs (scale issues)
- ↪ Corporate Social Responsibility (sustainability & community giving)



# **Legislative Issues**

## **Retail Council of Canada**

# Duty Remission on Imported Consumer Goods

## Products

### Duty applied into Canada

### Duty applied into US

Ice Hockey Pants	18.0%	2.9%
Dresses Of cotton	18.0%	3.0-5.0%
Ice Skates	18.0%	2.9%
Boots	17.5%	6.0%
Cotton Towels	17.0%	9.0%
UP/Pant	15.5%	0.0%
Gloves	16.5%	0.0%
Hockey Helmet	8.5%	0.0%

 Beverage Containers  
 Printed Paper & Packaging  
 Household Hazardous Waste  
 E-Waste  
 Tires  
 Used Oil  
 Paints/Solvents

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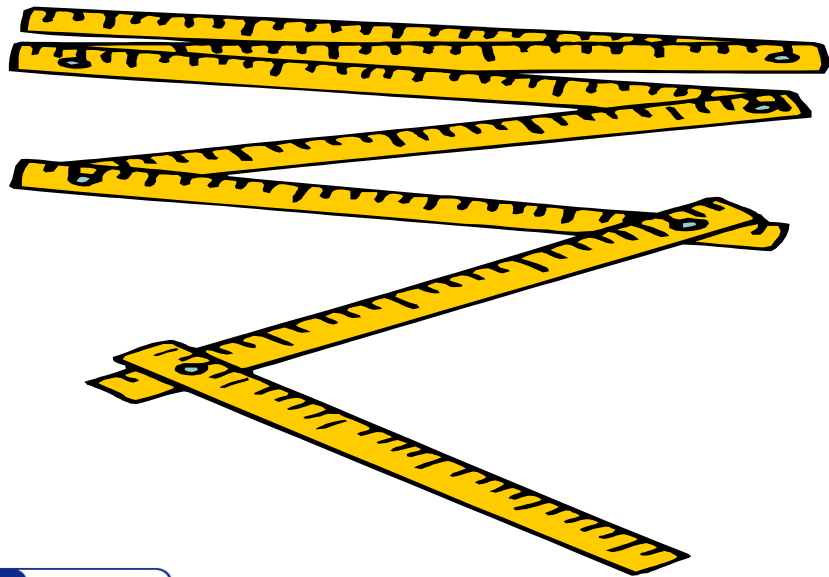
 Program In Place  
 Program Under Development  
 Program Expansion/Major Changes



***Canada: Extended Producer Responsibility - Over 50 legislated waste diversion programs in Canada as of 2011 - Without a harmonized approach.***

# Regulatory Burden

Lack of Harmonization





# Conclusion

- Continued emphasis on value
- Multi-channel (increased emphasis on e-commerce)
- Convergence (blurring of channels)
- Consolidation
- Smaller footprints to serve urban customer
- More foreign competition
- Corporate social responsibility (sustainability)
- Increased costs of doing business in Canada

# Q & A

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