



# ***Retail Sales Outlook Canada Q1 2010***

**Kubas Consultants**

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# Synopsis

## ● Minus 3% for 2009

- Total Canadian retail sales were down 3.0% in 2009 versus the previous year
- But there were mixed results by major sector
  - Food & Drug: up 3.7%
  - Store Merchandise: down 1.3%
  - Automotive and Related: down 10.7%
- Gasoline stations, off 18.2%, were the most significant in driving the total down
  - Store Retail (excluding anything automotive) eked out a 1.0% gain for the year
- Computer and software stores, furniture and home furnishings retailers, and new car dealers also had a difficult 2009
- Supermarkets had the best performance, with sales up 4.3% for the year

## ● Positive Momentum Going Forward

- The quarterly pattern for 2009 is encouraging, with these successive year-over-year changes:
  - -6.0%, -5.2%, -3.5%, +2.3%
- The negative numbers for the first three quarters are not surprising, as they are in comparison to pre-recession periods in 2008
- The 2.3% gain in Q4 2009 is a strong result however, as it is a post-recession increase
- The first signs of a turnaround were in Q3 2009, and this continued into Q4

## ● Outlook for 2010

- We expect marginal improvement through 2010
  - Our current projection is that total retail will be up 2.9% this year
  - Almost all retail sectors are projected to improve, at least slightly
  - The total dollars however will about the same as two years ago – in 2010, retail sales will recover just to where they were in 2008
- Despite the good news at the close of 2009, there are still significant issues:
  - Unemployment and under-employment remain high
  - Government stimulus programs will not be much of a factor in 2010
  - There is still economic weakness in the United States, Canada's biggest customer
  - The introduction of Harmonized Sales Tax (HST) in Ontario will mean provincial sales tax will apply to formerly exempt purchases – for the same money, consumers will have to buy less

## ● Regional Outlook

- In general, improvement is expected in all regions
- British Columbia (Olympics) and Alberta (renewed oil and gas activity) should do better than average in 2010, but were also the hardest hit provinces in 2009
- Recovery in Ontario is expected to be below average, as it is most affected by the overall economy and because of the introduction of HST

## ● Initial Results May Look Deceptively Good

- We caution that retail trade results released in the first half of 2010 may show some big annual gains, but these will be in comparison to particularly weak numbers in 2009 – don't break out the champagne yet

# Retail Sales

## Canadian Retail Sales by Type of Store

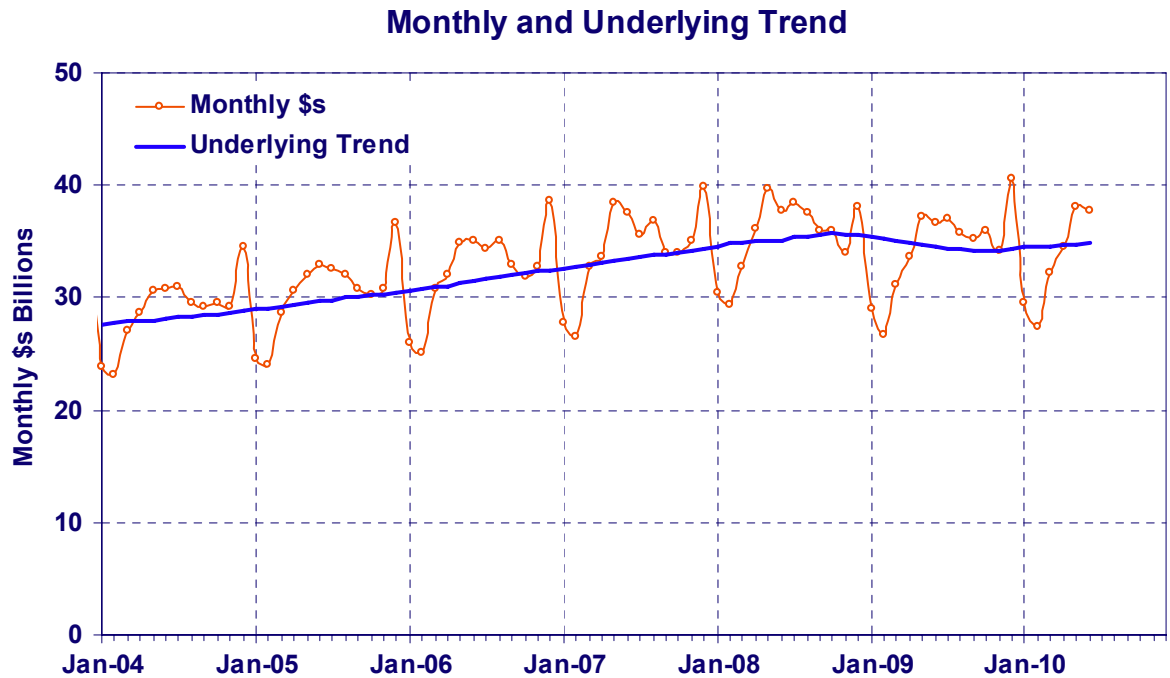
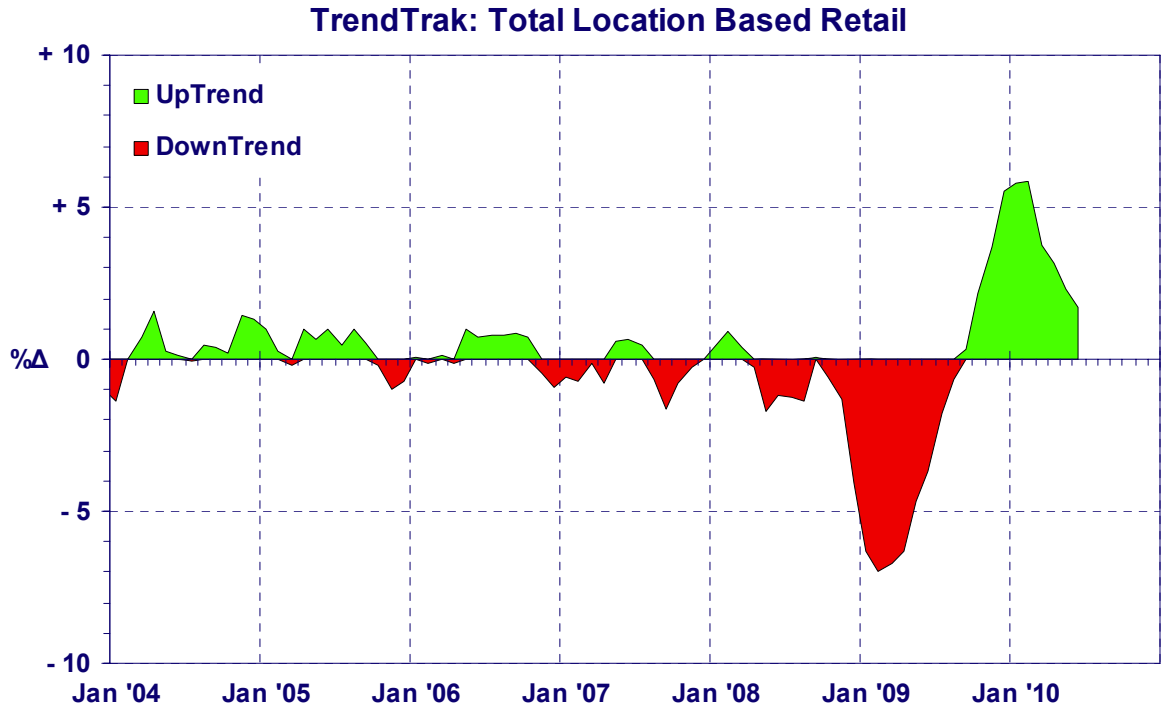
	Annual, \$ Billions			Year-Over-Year Change				
	2008	2009	2010p	2008	2009	Q4 '09p	Q1 '10p	2010p
<b>TOTAL LOCATION-BASED RETAIL</b>	<b>\$426.0</b>	<b>\$413.1</b>	<b>\$425.2</b>	<b>3.4%</b>	<b>-3.0%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.9%</b>
<b>Store Retail</b>	<b>280.1</b>	<b>282.7</b>	<b>290.5</b>	<b>3.7%</b>	<b>1.0%</b>	<b>1.4%</b>	<b>2.2%</b>	<b>2.7%</b>
Food & Drug	124.8	129.4	133.9	3.9%	3.7%	1.7%	2.8%	3.5%
Store Merchandise	155.3	153.4	156.6	3.6%	-1.3%	1.3%	1.5%	2.1%
<b>Automotive &amp; Related</b>	<b>146.0</b>	<b>130.4</b>	<b>134.7</b>	<b>2.8%</b>	<b>-10.7%</b>	<b>4.6%</b>	<b>3.1%</b>	<b>3.4%</b>
<b>FOOD &amp; DRUG</b>	<b>\$124.8</b>	<b>\$129.4</b>	<b>\$133.9</b>	<b>3.9%</b>	<b>3.7%</b>	<b>1.7%</b>	<b>2.8%</b>	<b>3.5%</b>
<b>Food and beverage stores</b>	<b>95.6</b>	<b>99.1</b>	<b>102.4</b>	<b>4.0%</b>	<b>3.7%</b>	<b>1.0%</b>	<b>2.5%</b>	<b>3.3%</b>
Supermarkets	68.6	71.5	74.0	4.2%	4.3%	1.1%	2.7%	3.4%
Convenience and specialty food stores	10.1	10.1	10.4	2.3%	0.2%	0.6%	1.3%	2.1%
Beer, wine and liquor stores	16.9	17.4	18.0	4.6%	3.2%	0.8%	2.1%	3.4%
<b>Health and personal care stores</b>	<b>29.2</b>	<b>30.3</b>	<b>31.6</b>	<b>3.3%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>3.9%</b>	<b>4.1%</b>
<b>STORE MERCHANDISE</b>	<b>\$155.3</b>	<b>\$153.4</b>	<b>\$156.6</b>	<b>3.6%</b>	<b>-1.3%</b>	<b>1.3%</b>	<b>1.5%</b>	<b>2.1%</b>
<b>General Merchandise Stores</b>	<b>51.4</b>	<b>52.4</b>	<b>53.6</b>	<b>5.8%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.2%</b>
Department stores	26.6	27.0	27.8	5.6%	1.9%	2.0%	2.3%	2.6%
Other general merchandise stores	24.8	25.3	25.8	6.0%	2.0%	1.9%	1.9%	1.8%
<b>Clothing &amp; Clothing Accessories</b>	<b>24.0</b>	<b>23.3</b>	<b>23.6</b>	<b>0.6%</b>	<b>-2.9%</b>	<b>-0.5%</b>	<b>0.2%</b>	<b>1.5%</b>
Clothing stores	18.4	17.9	18.1	0.8%	-2.8%	-0.1%	0.4%	1.6%
Shoe, clothing accessories and jewellery stores	5.6	5.4	5.5	-0.1%	-3.3%	-2.0%	-0.5%	1.1%
<b>Furniture &amp; Home Furnishings Stores</b>	<b>16.3</b>	<b>15.1</b>	<b>15.4</b>	<b>1.4%</b>	<b>-7.0%</b>	<b>1.9%</b>	<b>0.8%</b>	<b>1.6%</b>
Furniture stores	10.2	9.5	9.6	1.5%	-7.0%	1.5%	0.5%	1.3%
Home furnishings stores	6.1	5.6	5.8	1.3%	-7.0%	2.7%	1.2%	2.1%
<b>Home electronics and appliance stores</b>	<b>14.7</b>	<b>13.8</b>	<b>13.9</b>	<b>7.2%</b>	<b>-6.6%</b>	<b>-5.4%</b>	<b>-2.1%</b>	<b>1.2%</b>
Appliance, Television, Photography & Other Electronics	13.3	12.5	12.7	8.3%	-6.2%	-5.6%	-2.3%	1.3%
Computer and software stores	1.4	1.3	1.3	-1.7%	-10.2%	-1.8%	-0.8%	1.0%
<b>Building materials, garden equip. &amp; supplies stores</b>	<b>27.2</b>	<b>26.7</b>	<b>27.3</b>	<b>2.7%</b>	<b>-1.7%</b>	<b>3.1%</b>	<b>2.3%</b>	<b>2.1%</b>
Home centres and hardware stores	22.1	21.8	22.3	3.3%	-1.6%	3.6%	2.5%	2.2%
Specialized building materials and garden stores	5.1	4.9	5.0	0.0%	-2.4%	0.8%	1.2%	1.5%
<b>Other Stores</b>	<b>21.8</b>	<b>22.1</b>	<b>22.8</b>	<b>2.2%</b>	<b>1.6%</b>	<b>4.3%</b>	<b>3.6%</b>	<b>3.4%</b>
Sporting goods, hobby, music and book stores	10.8	11.0	11.4	2.2%	2.4%	2.2%	2.4%	3.1%
Miscellaneous store retailers	11.0	11.0	11.4	2.1%	0.8%	6.6%	4.7%	3.6%
<b>AUTOMOTIVE &amp; RELATED</b>	<b>\$146.0</b>	<b>\$130.4</b>	<b>\$134.7</b>	<b>2.8%</b>	<b>-10.7%</b>	<b>4.6%</b>	<b>3.1%</b>	<b>3.4%</b>
<b>Motor vehicle and parts dealers</b>	<b>92.8</b>	<b>86.9</b>	<b>89.5</b>	<b>-2.9%</b>	<b>-6.3%</b>	<b>5.6%</b>	<b>3.5%</b>	<b>2.9%</b>
New car dealers	73.4	68.3	70.6	-4.5%	-6.9%	6.9%	4.1%	3.4%
Used & recreational motor vehicle & parts dealers	19.4	18.6	18.9	4.0%	-4.1%	0.9%	1.1%	1.4%
<b>Gasoline stations</b>	<b>53.2</b>	<b>43.5</b>	<b>45.3</b>	<b>14.6%</b>	<b>-18.2%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>4.2%</b>

Source: Statistics Canada, data to December 2009 (preliminary) and Kubas Consultants estimates and (p) projections

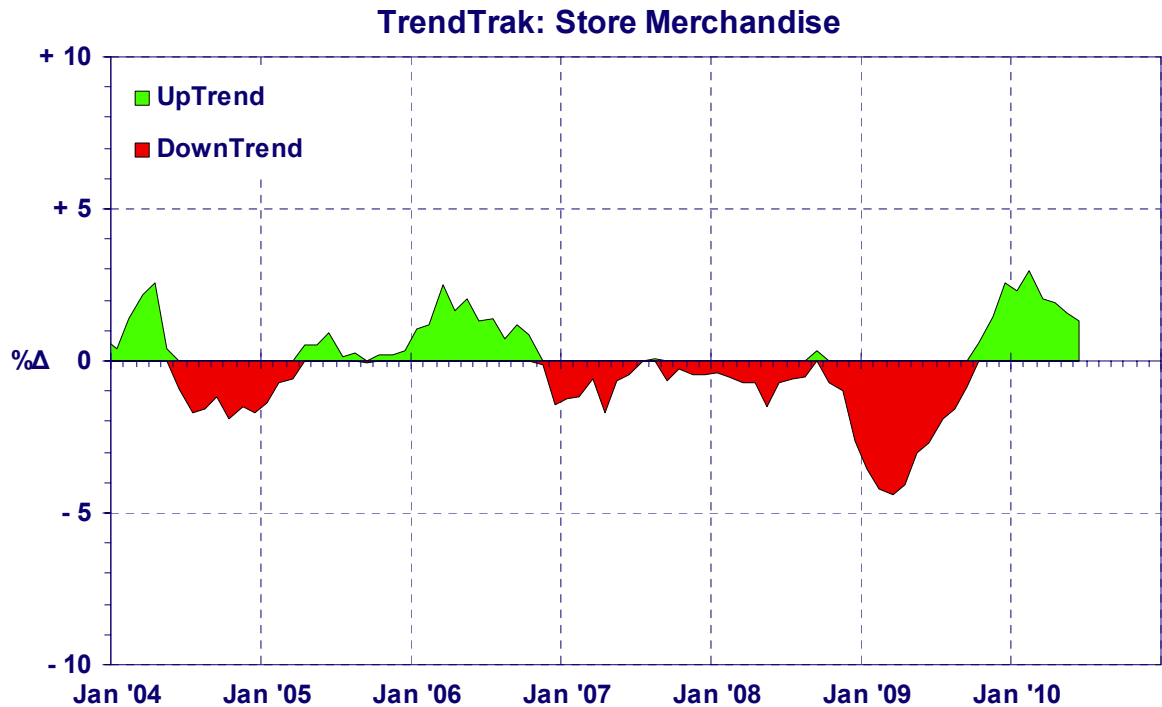
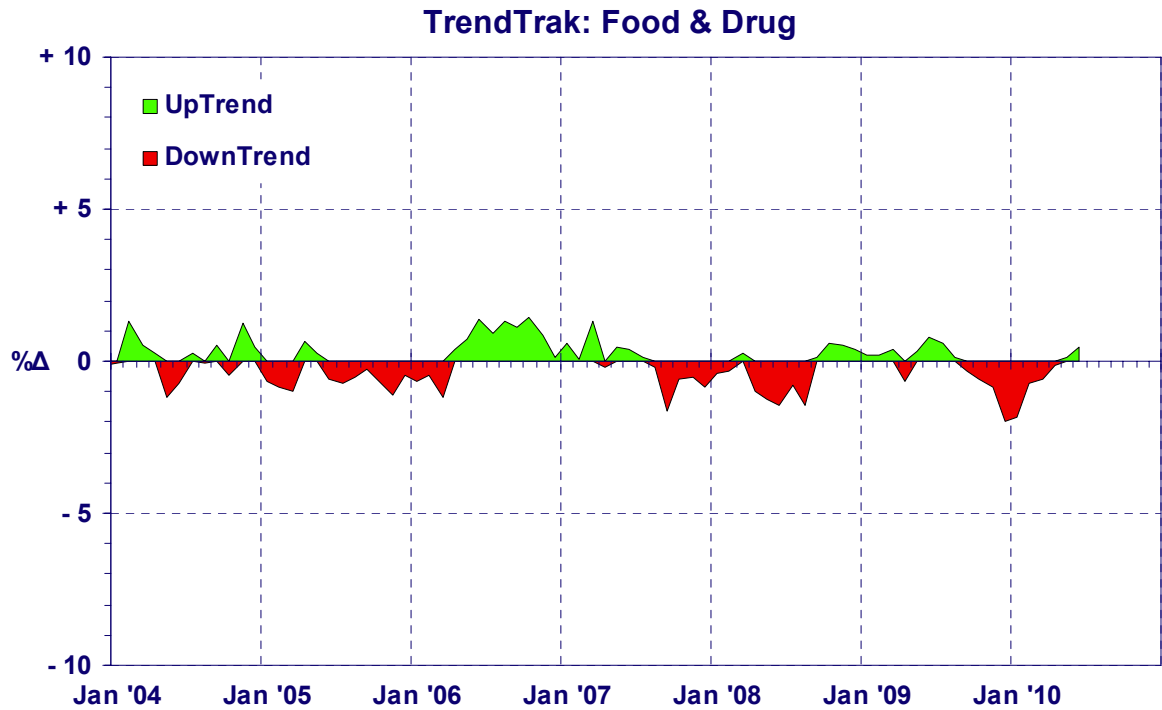
NAICS (North American Industrial Classification System) basis

Kubas Consultants, 25 February 2010

# Trends: Total Retail



# Trends: Store Retail



# Regional Retail

## Canadian Retail Sales by Province and Major Market

	Annual, \$ Billions			Year-Over-Year Change			% Distribution	
	2008	2009	2010p	2008	2009	2010p	2009	2010p
<b>TOTAL LOCATION-BASED RETAIL</b>	<b>\$426.0</b>	<b>\$413.1</b>	<b>\$425.2</b>	<b>3.4%</b>	<b>-3.0%</b>	<b>2.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>VECTOM SUBTOTAL</b>	<b>\$206.2</b>	<b>\$199.0</b>	<b>\$205.8</b>	<b>2.9%</b>	<b>-3.5%</b>	<b>3.4%</b>	<b>48.2%</b>	<b>48.4%</b>
<b>British Columbia</b>	<b>56.6</b>	<b>53.7</b>	<b>55.7</b>	<b>0.3%</b>	<b>-5.1%</b>	<b>3.9%</b>	<b>13.0%</b>	<b>13.1%</b>
Vancouver CMA (V)	31.8	30.3	31.5	0.6%	-4.9%	4.1%	7.3%	7.4%
Rest of B.C.	24.7	23.4	24.2	0.0%	-5.4%	3.5%	5.7%	5.7%
<b>Alberta</b>	<b>61.1</b>	<b>56.0</b>	<b>58.1</b>	<b>-0.1%</b>	<b>-8.4%</b>	<b>3.8%</b>	<b>13.5%</b>	<b>13.7%</b>
Edmonton CMA (E)	19.1	17.5	18.2	-0.1%	-8.3%	3.8%	4.2%	4.3%
Calgary CMA (C)	22.9	21.0	21.9	0.1%	-8.1%	4.0%	5.1%	5.1%
Rest of Alberta	19.1	17.4	18.0	-0.5%	-8.7%	3.4%	4.2%	4.2%
<b>Saskatchewan</b>	<b>14.4</b>	<b>14.0</b>	<b>14.1</b>	<b>10.6%</b>	<b>-2.3%</b>	<b>0.4%</b>	<b>3.4%</b>	<b>3.3%</b>
<b>Manitoba</b>	<b>15.0</b>	<b>14.9</b>	<b>14.9</b>	<b>7.2%</b>	<b>-0.9%</b>	<b>0.2%</b>	<b>3.6%</b>	<b>3.5%</b>
<b>Ontario</b>	<b>151.4</b>	<b>147.6</b>	<b>151.3</b>	<b>3.5%</b>	<b>-2.5%</b>	<b>2.5%</b>	<b>35.7%</b>	<b>35.6%</b>
Toronto CMA (T)	68.0	66.5	68.3	3.7%	-2.3%	2.7%	16.1%	16.1%
Ottawa-Gatineau CMA, Ontario portion	12.3	12.0	12.3	3.8%	-2.2%	2.8%	2.9%	2.9%
Rest of Ontario	71.1	69.1	70.7	3.3%	-2.7%	2.2%	16.7%	16.6%
Ottawa-Gatineau CMA, Total (O)	15.8	15.5	16.0	4.2%	-2.2%	3.2%	3.7%	3.8%
<b>Quebec</b>	<b>95.3</b>	<b>94.4</b>	<b>97.6</b>	<b>5.1%</b>	<b>-0.9%</b>	<b>3.3%</b>	<b>22.9%</b>	<b>22.9%</b>
Montreal CMA (M)	48.5	48.2	49.9	5.4%	-0.7%	3.5%	11.7%	11.7%
Ottawa-Gatineau CMA, Quebec portion	3.6	3.5	3.7	5.6%	-2.2%	4.7%	0.8%	0.9%
Rest of Quebec	43.2	42.8	44.0	4.8%	-1.0%	2.9%	10.4%	10.4%
<b>New Brunswick</b>	<b>9.9</b>	<b>9.9</b>	<b>10.1</b>	<b>5.9%</b>	<b>-0.1%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>2.4%</b>
<b>Nova Scotia</b>	<b>12.1</b>	<b>12.2</b>	<b>12.5</b>	<b>4.2%</b>	<b>0.4%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>
<b>Prince Edward Island</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>5.6%</b>	<b>-0.3%</b>	<b>2.4%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>Newfoundland &amp; Labrador</b>	<b>7.1</b>	<b>7.2</b>	<b>7.5</b>	<b>7.6%</b>	<b>2.6%</b>	<b>3.8%</b>	<b>1.8%</b>	<b>1.8%</b>
<b>Territories</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>6.2%</b>	<b>0.0%</b>	<b>5.3%</b>	<b>0.4%</b>	<b>0.4%</b>

Source: Statistics Canada, data to December 2009 (preliminary) and Kubas Consultants estimates and (p) projections  
 NAICS (North American Industrial Classification System) basis  
 Kubas Consultants, 25 February 2010

# Notes

## ● TrendTrak

- Kubas Consultants' TrendTrak measures momentum in year-over-year growth trends
- A DownTrend indicates weakening but not necessarily negative change and vice versa

## ● Data and Projections

- Retail trade data is as reported by Statistics Canada and is subject to revision
- Latest available data is for the previous quarter and is not seasonally adjusted
- Estimates and projections of future sales are by Kubas Consultants
- VECTOM CMA estimates and projections are by Kubas Consultants
- As compared to our U.S. Retail Sales Outlook report, Canadian figures do not include Non-Store Retailers (NAICS 454)

## ● NAICS Retail Definitions

- The table below provides NAICS (North American Industrial Classification System) codes for the retail categories used in this report
- Definitions and what retailer types are covered in each are available at this link: [Statistics Canada](#)

## ● Disclaimer

- No warranty is made regarding the accuracy of analyses and projections

## ● Contact

- Contact Ed Strapagiel, Executive Vice President, Kubas Consultants, [eds@kubas.com](mailto:eds@kubas.com)

Category	NAICS Code
<b>TOTAL LOCATION-BASED RETAIL</b>	<b>441 to 453</b>
Store Retail	442 to 456 + 448 to 453
Food & Drug	445 + 446
Store Merchandise	442 + 443 + 444 + 448 + 451 + 452 + 453
Automotive & Related	441 + 447
<b>FOOD &amp; DRUG GROUP</b>	<b>445 + 446</b>
<b>Food and beverage stores</b>	<b>445</b>
Supermarkets	44511
Convenience and specialty food stores	44512 + 4452
Beer, wine and liquor stores	4453
<b>Health and personal care stores</b>	<b>446</b>
<b>STORE MERCHANDISE GROUP</b>	<b>442 + 443 + 444 + 448 + 451 + 452 + 453</b>
<b>General Merchandise Stores</b>	<b>452</b>
Department stores	4521
Other general merchandise stores	4529
<b>Clothing &amp; Clothing Accessories</b>	<b>448</b>
Clothing stores	44811 + 44812 + 44813 + 44814 + 44819
Shoe, clothing accessories and jewellery stores	44815 + 4482 + 4483
<b>Furniture &amp; Home Furnishings Stores</b>	<b>442</b>
Furniture stores	4421
Home furnishings stores	4422
<b>Home electronics and appliance stores</b>	<b>443</b>
Appliance, Television, Photography & Other Electronics	44311 + 44313
Computer and software stores	44312
<b>Building materials, garden equip. &amp; supplies stores</b>	<b>444</b>
Home centres and hardware stores	44411 + 44413
Specialized building materials and garden stores	44412 + 44419 + 4442
<b>Other Stores</b>	<b>451 + 453</b>
Sporting goods, hobby, music and book stores	451
Miscellaneous store retailers	453
<b>AUTOMOTIVE &amp; RELATED GROUP</b>	<b>441 + 447</b>
<b>Motor vehicle and parts dealers</b>	<b>441</b>
New car dealers	44111
Used & recreational motor vehicle & parts dealers	44112 + 4412 + 4413
<b>Gasoline stations</b>	<b>447</b>