

Sectoral Profile: Retail



Footprint

The retail industry contributes approximately 5% to the Canadian GDP. Small and mid-sized enterprises (1 to 499 employees) account for about 55% of retail GDP. Additionally, SMEs represent the majority of businesses (99.9%) and employ 46% of the workforce in that sector.

Table 4 – The retail sector in Canada

	GDP ^{1,2}	Businesses ^{3,4}	Workforce ⁵
Total	\$107B	254,000	2,281,000
Sector's share of the economy	5%	6%	12%
SMEs' share of the sector	55%	99.9%	46%

The retail sector comprises businesses that sell products and related services directly to the general public.⁶

To simplify this analysis, CFIB created three subgroups of retailers:

- **Sellers of essential items**, which include grocery stores, speciality food stores, and health and personal care stores (37%).^{3,4}
- **Sellers of big-ticket items**, which include (nonexclusively) automobile and other motor vehicle dealers, furniture stores, building materials and supplies dealers, and electronics and appliance stores (22% of retail stores).
- **Sellers of other discretionary items**, which include clothing and shoe stores, used merchandise, jewellery, book, and music stores, department and general merchandise stores and florists (41%).

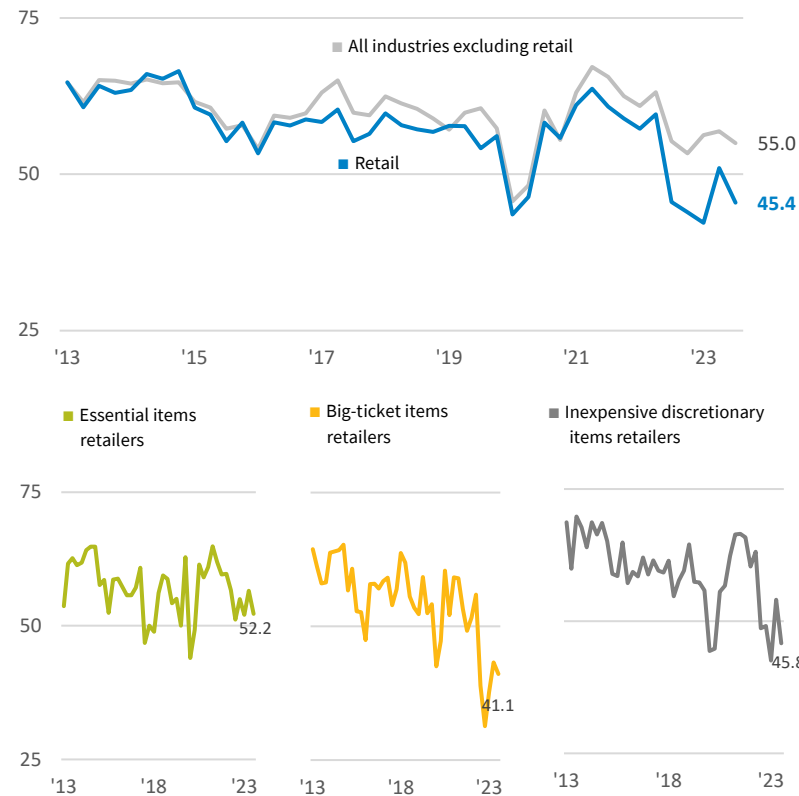
Sources

- (1) Statistics Canada. Table 36-10-0434-03.
- (2) Innovation, Science and Econ. Dev. Canada, Key Small Business Statistics 2022.
- (3) Statistics Canada. Table 33-10-0717-01.
- (4) Statistics Canada. Table 33-10-0718-01.
- (5) Statistics Canada, Labour Force Survey data, custom tabulations.
- (6) Statistics Canada. North American Industry Classification System (NAICS) Canada 2022 Version 1.0.
- (7) CFIB, Your Business Outlook Survey, January 2013-September 2023.

Fitness

Optimism in the retail sector is running very low by historical levels, outside of the pandemic. It has been on an overall downward trend for the past four quarters with a minor uptick in Q2 2023. Retail businesses are also lagging all other businesses in optimism, a gap that started mid-2021 and has been widening gradually (Figure 7a). The sector's drop in optimism has been driven mainly by very low confidence among businesses selling big-ticket items (Figure 7b).

Figures 7a and 7b – Retail businesses have a lower optimism index for the next 12 months than the rest of the economy, and optimism is weakest among retailers selling big-ticket items⁷



Challenges

The September Monthly Business Barometer[®] shows that retail SMEs are more likely to report being limited by lack of domestic demand and logistics.⁷ More specifically, an increasing share of businesses selling essential or big-ticket items report insufficient domestic demand and unsold inventories, which are early signs of an overall demand slowdown.

Figure 8 – Retailers of essential and big-ticket items report sharp increases in insufficient domestic demand (solid lines) and unsold inventories (dotted lines)

