

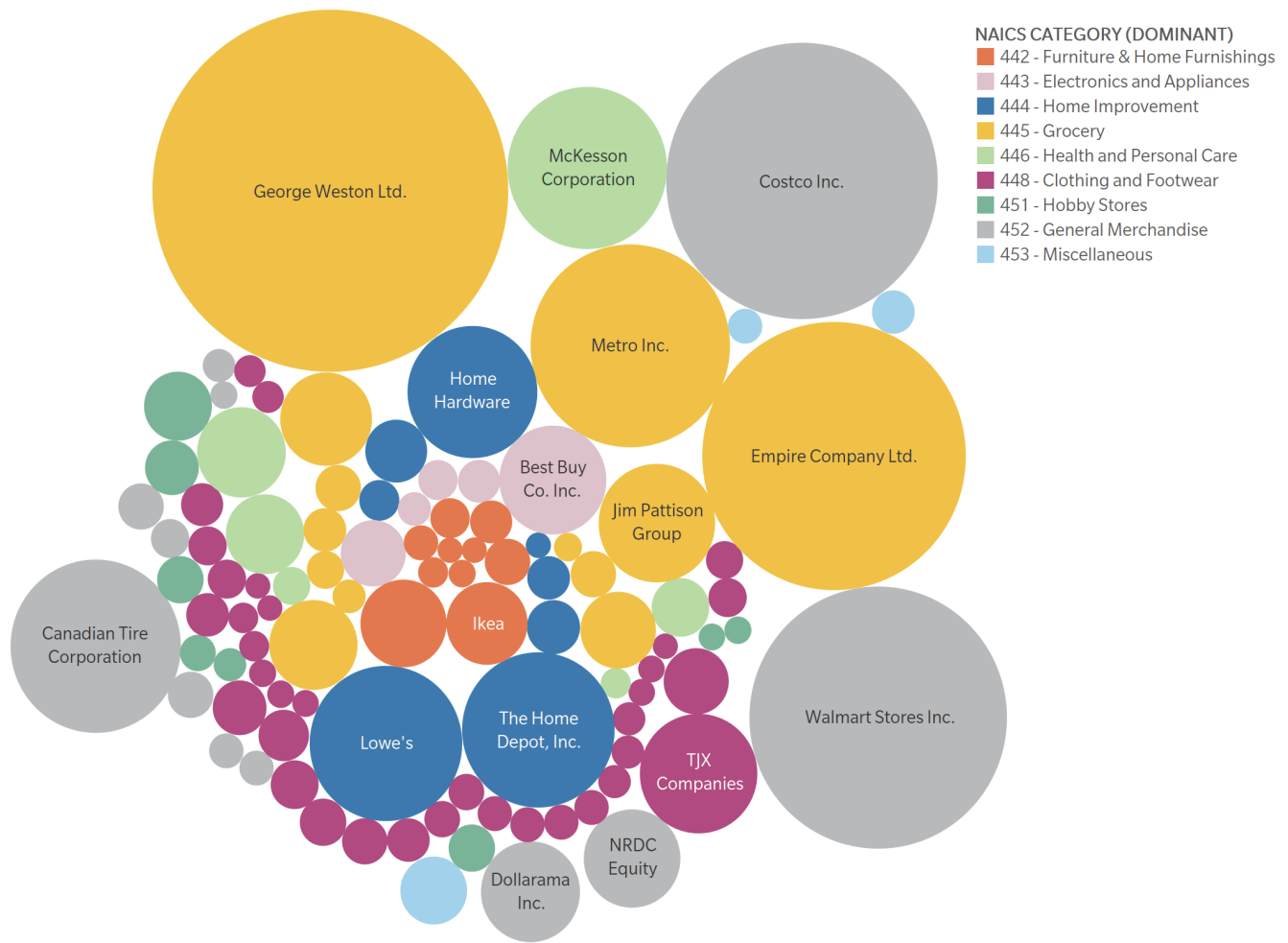
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INTRODUCTION

The CSCA Retail 100 for Fiscal 2018-2019 provides two top 100 retail tabulations related to: (i) *retail conglomerates (RCG)*; and, (ii) *retail chains (RCH)* which are ranked by estimated total annual sales (exc. auto) in Canada. Why two tabulations? **The CSCA Retail Conglomerate 100** (RCG100:2018) listing (Table 1 & Figure 1), which has been available annually since

2014, identifies the top 100 organizations whose economies of scale are sufficient for them to exert a significant influence on Canada's retail economy, be it in the form of competitive pressures on other firms, or on leasing companies which provide the space in which retailers operate. **The CSCA Retail Chain 100** (RCH100:2018) listing (Table 3) identifies the well-known banners in the retail environment that depend on the immediacies of the market. It is their profitability that drives

FIGURE 1. CSCA RETAIL CONGLOMERATES (RCG100:2018) BY NAICS CATEGORY AND ESTIMATED SALES



the economic performance of the conglomerate to which they belong. The two tables, therefore, are rooted in different aspects of the retail environment. This *CSCA Research Insight* also assesses the impact of 'online' activity on these store-based business structures.

Apart from estimated sales, the tabulations also include information related to the number of stores, retail space occupied, and estimated employment in the conglomerate or chain involved. The chief source for information about listed (primarily *TSX, NYSE*) retail companies are their *Conglomerate Annual Reports*. This data, though usually store-based, includes occasional information about Direct to Consumer (DtC) sales. Similar information, though far less comprehensive, is available for non-listed (i.e., off-shore and/or privately-held) companies. The data for large conglomerates is aggregated for reporting purposes to the company as a whole even though it may involve many economic divisions and sales in different countries. Thus, information for the Canadian component often requires partitioning. The Canada-wide **CSCA Major Retail Chain (MRC) Database**, updated quarterly for approximately 300 Conglomerates operating more than 45,000 stores in total, is exceedingly useful for this purpose. This CSCA MRC Database includes data on the number of stores in a chain, the space these stores occupy, and its parent conglomerate. Fragmentary data related to employment for particular stores is interpolated to others of the same NAICS type on an employee per sq. ft. basis.

CSCA RETAIL CONGLOMERATE (RCG) 100

The RCG100 canvas for 2018 (Table 1) collectively accounts in Fiscal 2018/2019 for 405 retail chains, involving 509m sq. ft. of retail space, 32,376 stores, 1.2m full and part-time employees, and \$262b sales (store-based including some DtC). The RCG100:2018 share of national sales was 70% in 2018. Table 1 and Figure 1 (by 3-digit NAICS categories)¹ indicate that five conglomerates (*Weston, Costco, Empire, Walmart, and Metro*) dominate the country's retail economy with 36% of national sales. Most of the largest Conglomerates tend to be involved in three categories – general merchandise (NAICS 452), groceries & beverages (NAICS 445), and health & personal care (NAICS 446). The bubble chart also emphasizes, with its plethora of 'tiny bubbles', the large number of relatively small conglomerations in the clothing & accessories and shoes sector. We note later that this sector is under great pressure from 'online' sales, and is moving quickly into DtC brands and operations.

An indication of the extent of turmoil in the retail sector is summarized by the traces in Figure 2 for RCG100:2014 and

RCG100: 2018, a period during which national sales increased at an AGR of 2.5% while those for the RCG100 as a whole increased at an AGR of 1.9% (in constant dollars). While both curves culminate at a similar percentage of national sales when the sales for their respective 100 agglomerations are summed (71.3% for 2014 and 70.0% for 2018), the 'paths' to these values are crucially different. Whereas the top ten conglomerates in 2018 contributed 48% of national sales, in 2014 the top ten contributed 43%. On the other hand, conglomerates ranked from the 26th to 100th in RCG100:2014 contributed a larger share of national sales than those in RCG100:2018. Figure 2, therefore, signals clearly that the largest conglomerations are becoming more dominant while businesses ranked lower than the 26th in 2018 are contributing less to national sales than those in 2014.

This increasing dominance appears to have come about through: (i) *closures* -- being defined as those present in RCG100:2014 not present in the RCG100:2018 nor in CSCA's MRC 2018 database; and, (ii) *acquisitions* – those present in the RCG100:2014 becoming part of a conglomeration in the RCG100:2018 listing. Closures include seven conglomerates with \$6.6b sales in 2014, of which *Target Canada* (\$1.3b) and *Sears Canada* (\$4.2b) have been widely reported and discussed². Acquisitions include ten Conglomerates (with \$37.3b sales in RCG100:2014) purchased by other businesses in the RCG100:2018 listing (Table 2). Thus, for example, when *Weston* purchased *Shoppers Drug Mart* in 2014 for \$12.4b it gained annual sales of \$10.9b; and, when *Metro* purchased *Le Group Jean Coutu* it gained annual sales of \$4b. This growth by acquisition in a sluggish retail economy has interesting consequences for one of the intentions during such periods is often store rationalization. Furthermore, with ten Conglomerates in the RCG100:2014 absorbed by eight Conglomerates in the RCG 100:2018 listing, it in effect creates space in the 100 without losing the sales of those absorbed. If retail activities in Canada were flourishing, the 100 would have been rounded by larger enterprises than those currently existent and the 2018 curve in Figure 2 could have ended above that for 2014.

Retail activities in Canada, as with the national economy in general, are much affected by 'off-shore' investments, particularly from the US. During the 2010-2014 period, when there was close to parity between the US and Canadian dollars, north-to-south cross-border shopping flourished and US companies tended to wait at home for the market to come and Canadian retailers tended to gain share in the Canadian market³. In the middle part of the 2010s, the falling value of the C\$ vis-à-vis the US\$ effectively discouraged Canadians from shopping in the US. There was, therefore, a tendency for some US retail-

¹ Statistics Canada (2012) *North American Industry Classification System (NAICS) Canada* (Ottawa: Cat. 12-501-X).

² Emmons, M. and T. Hernandez (2017) *The Absorption of Target's Former Store Portfolio in Canada* (Toronto: Ryerson University, CSCA). Target was in Canada, having assumed many Zellers leases, from 2011 to 2015.

³ Daniel, C. and T. Hernandez (2015) *The CSCA Retail 100: 2014* (Toronto: Centre for the study of Commercial Activity), p. 6.

TABLE 1. CSCA RETAIL CONGLOMERATE 100 (RCG 100:2018) PROFILE

Rank	Capital Control	Corporate Ownership	Banner (selected examples for multi-chain conglomerates)	Retail Sales (C\$ Millions)	Space Sq. Ft. (000s)	Number of Stores	Number of Employees	Number of Chains	NAICS Code
1	CAN	George Weston Ltd.	Shoppers Drug Mart, The Real Canadian Superstore, Loblaws	45,836	66,774	2,609	199,192	33	445, 446, 448
2	USA	Costco Inc.	Costco	26,689	14,477	100	32,361	2	452, 445
3	CAN	Empire Company Ltd.	Sobeys, Safeway, IGA, Farm Boy	25,142	41,561	1,994	124,684	27	445, 446
4	USA	Walmart Stores Inc.	Walmart Supercenters, Walmart	24,011	60,402	411	97,179	2	452, 445
5	CAN	Metro Inc.	Metro, Food Basics, Metro PLUS, Jean Coutu Pharmacy	14,383	26,337	1,547	89,999	17	445, 446
6	CAN	Canadian Tire Corporation	Canadian Tire, Mark's Work Wearhouse, Sport Chek	10,496	33,174	1,425	89,276	13	448, 451, 452
7	USA	McKesson Corporation	IDA Pharmacy, Uniprix, Rexall Drug Store	9,191	9,847	2,343	24,229	11	446
8	USA	Lowe's	Lowe's, Rona, Rona Home & Garden	8,417	24,671	649	36,947	9	444
9	USA	The Home Depot, Inc.	The Home Depot	8,408	19,110	182	32,887	1	444
10	CAN	Home Hardware Stores Limited	Home Hardware Building Centre, Home Hardware	6,100	12,304	1,076	20,918	4	442, 444
11	USA	The TJX Companies, Inc.	Winners, HomeSense, Marshalls	4,992	12,839	484	29,854	3	442, 448
12	CAN	The Jim Pattison Group	Save On Foods & Drugs, AG Foods, Freson Bros.	4,904	8,106	263	26,158	8	445
13	CAN	Best Buy Co. Inc.	Best Buy, Best Buy Mobile	4,146	3,785	177	10,728	2	443
14	CAN	Dollarama Inc.	Dollarama	3,549	12,520	1,225	19,300	1	452
15	USA	NRDC Equity Partners	Hudson's Bay, Saks Off 5TH, Home Outfitters	3,377	18,290	151	18,473	7	442, 452
16	JPN	Seven & I Holdings Co., Ltd.	7-Eleven Food Stores	3,046	1,169	622	2,219	1	445
17	CAN	H.Y. Louie Company	London Drugs, MarketPlace IGA, Fresh St. Market	2,850	2,950	110	3,028	4	445, 446
18	CAN	Alimentation Couche-Tard Inc.	Couche-Tard, Mac's, Circle K	2,821	4,314	2,162	24,157	7	445, 452
19	CAN	Leon's Furniture Ltd.	Leon's Furniture, The Brick, The Brick Outlet	2,685	13,840	303	8,322	5	442
20	SWE	Ikea	Ikea, Ikea Pickup	2,390	4,874	19	6,500	2	442
21	CAN	Pharmasave	Pharmasave	2,226	2,511	650	7,780	1	446
22	CAN	Federated Cooperatives Ltd.	Co-op Food Stores, Co-op Home Stores, Calgary Co-op	2,064	8,005	406	7,650	5	444, 445
23	CAN	Fairfax Holdings Inc.	Toys 'R' Us, Golf Town, Sporting Life	1,667	4,176	139	5,912	3	451
24	USA	Sycamore Partners	Staples, Nine West, Talbots	1,614	7,506	381	12,761	7	448, 453
25	USA	The Gap, Inc.	Old Navy, Gap, Banana Republic	1,536	3,220	299	11,845	7	448
26	USA	Apple Inc.	Apple Store	1,498	209	29	3,000	1	443
27	CAN	La Coop fédérée	Groupe BMR	1,382	3,321	234	5,188	1	444
28	CAN	Familiprix Inc.	Familiprix Extra, Familiprix Pharmacy, FamiliprixClinique	1,200	1,767	360	5,000	3	446
29	CAN	YM Inc.	Urban Planet, Suzy Shier, Bluenotes	1,070	3,589	544	7,406	15	448
30	CAN	Indigo Books & Music Inc.	Chapters, Indigo Books & Music, Coles The Book People	1,047	2,366	204	7,000	5	451
31	CAN	Tim-br Marts Ltd.	Tim-br Mart, IRLY Building Centres, Pro Hardware	1,024	2,416	265	5,898	3	444
32	CAN	Reitman's Inc.	Reitmans, Penningtons, Addition-Elle	923	2,900	600	7,199	7	448
33	USA	L Brands Inc.	Bath & Body Works, Victoria's Secret, La Senza	831	1,108	283	7,946	7	446, 448
34	USA	Bain Capital Partners	Michaels, Gymboree, Canada Goose	782	2,433	138	5,178	2	448, 451
35	CAN	Stern Partners	Urban Barn, Warehouse One, Ricki's	765	2,217	577	5,859	7	442, 448
36	USA	Bass Pro Inc.	Bass Pro Shops, Cabela's	765	1,246	16	3,823	2	451
37	CAN	Giant Tiger Stores Ltd.	Giant Tiger, Scott's Discount	747	5,412	246	7,991	4	445, 452
38	CAN	Bulk Barn Foods Ltd.	Bulk Barn	742	1,313	274	1,809	1	445
39	CAN	Groupe BMTC Inc.	BMTC Brault & Martineau, EconoMax	740	1,796	32	1,814	5	442
40	USA	Nordstrom, Inc.	Nordstrom, Nordstrom RACK	737	1,151	12	2,621	2	448, 452
41	CAN	Longo Brothers Fruit Markets Inc.	Longo's	732	1,067	31	4,032	1	445
42	CAN	Lululemon Athletica Inc.	Lululemon, viviva athletica	729	194	64	4,200	2	448
43	SWE	H & M Hennes & Mauritz AB	H & M, COS	681	1,770	94	1,786	2	448
44	CAN	J.D. Irving Ltd.	Kent Building Supplies	677	2,352	49	3,400	1	444
45	USA	PetSmart Inc.	PetSmart	660	1,987	131	4,142	1	453
46	CAN	North West Co. Fund	Northern Stores, Northmart	652	793	122	2,864	2	445
47	CAN	L'Aubainerie	L'Aubainerie Concept Mode, L'Aubainerie Entrepot	648	1,387	57	4,271	2	448
48	CAN	Ariztia Inc.	Ariztia, Wilfred, TNA	643	320	67	1,770	4	448
49	CAN	Visions Electronic	Visions Electronic	628	557	42	1,235	1	443
50	CAN	Sleep Country Canada Holdings Inc.	Sleep Country Canada, Dormez - Vous	623	1,379	264	1,394	2	442

TABLE 1. CSCA RETAIL CONGLOMERATE 100 (RCG100:2018) PROFILE [CONTINUED]

Rank	Capital Control	Corporate Ownership	Banner (selected examples for multi-chain conglomerates)	Retail Sales (C\$ Millions)	Space Sq. Ft. (000s)	Number of Stores	Number of Employees	Number of Chains	NAICS Code
51	CAN	Castle Building Centres Group Ltd.	Castle Building Centres	580	3,217	288	4,951	1	444
52	USA	Bed Bath & Beyond Inc.	Bed Bath & Beyond, buybuy BABY	1,599	575	60	2,299	2	442, 448
53	USA	GameStop Corp.	EB Games, GameStop	561	464	311	2,488	2	448
54	CAN	Town Shoes Ltd.	The Shoe Company, Designer Shoe Warehouse	538	1,226	180	3,541	4	448
55	CAN	La Maison Simons	Simons	526	1,200	15	2,500	1	448, 452
56	CAN	Gestion Francio Reberge Inc.	La Vie en Rose, La Vie en Rose Outlet, La Vie en Rose Aqua	526	1,080	331	3,614	4	448
57	CAN	The Aldo Group Inc.	Globo Shoes, Call It Spring, Aldo	522	754	278	3,208	6	448
58	USA	Tapstry, Inc.	Coach, Coach Factory, Kate Spade	501	259	68	988	5	448
59	USA	Amazon Inc.	Whole Foods	500	452	13	2,195	1	445
60	FRA	LVMH Moët Hennessy	Sephora, Christian Dior, Louis Vuitton	499	397	69	1,348	5	446, 448
61	CAN	Mountain Equipment Co-operative Ltd.	Mountain Equipment Co-op	462	529	23	2,583	1	451
62	CAN	Ardene Holdings Inc.	Ardene, Xcetera	1,662	3,035	353	3,035	1	448
63	CAN	International Clothiers Inc.	Fairweather, International Clothiers, Pinstripe	459	823	138	1,389	10	448
64	USA	Ashley Furniture Industries Inc.	Ashley Furniture Homestore	435	1,501	59	2,455	1	442
65	CAN	FHC Holdings Ltd.	Fields	429	744	62	1,321	1	452
66	SPN	Inditex Group	Zara, Massimo Dutti, Zara Home	427	542	42	2,466	3	442, 448
67	USA	Roark Capital Partners	Pet Valu, Bosley's by Pet Valu, Paulmac's Pet Food	426	1,380	522	3,461	3	453
68	CAN	Laura Canada	Laura, Laura Petites, Laura Plus	426	870	136	2,001	5	448
69	USA	Dollar Tree Inc.	Dollar Tree	420	2,043	225	2,596	1	452
70	CAN	Groupe Dynamite	Dynamite, Garage, Garage Outlet	419	1,003	268	2,761	3	448
71	USA	Golden Gate Capital	Payless ShoeSource, Eddie Bauer	418	975	294	2,152	3	448
72	CAN	BCE Inc.	The Source	404	1,160	517	1,938	1	443
73	GBR	Searchlight Capital Partners LP	M & M Meat Shops, Hunter Boot	397	421	330	1,985	3	445, 448
74	USA	Savers Inc.	Value Village/Village Valeurs	383	3,599	143	7,150	1	452
75	USA	American Eagle Outfitters Inc.	American Eagle Outfitters, Aerie, AEO Factory Store	382	593	105	4,017	4	448
76	CAN	Trivestment Holdings Ltd.	Fabricland/Fabricville	377	1,304	117	3,124	1	451
77	USA	Foot Locker Inc.	Foot Locker, Champs Sports, Kid's Foot Locker	374	587	167	2,187	4	448
78	USA	Gordon Brothers Group	Tip Top, George Richards Mr Big & Tall Menswear	371	731	207	2,436	4	448, 453
79	USA	Carter's Inc	Carter's Osh Kosh	356	940	188	3,676	1	448
80	ITA	Luxottica Group S.p.A.	Lens Crafters, Sunglass Hut, Oakley	353	516	241	2,097	5	448
81	CAN	Nygard Int'l Partnership	Tan Jay, Nygard Store, Alia	326	731	286	3,026	5	448
82	DEN	JYSK A/S	JYSK Linen 'n' Furniture	321	1,337	62	1,813	1	442
83	USA	Sally Beauty Holdings Inc.	Cosmo Prof, Sally Beauty Supply	311	560	264	1,731	2	446
84	USA	Tailored Brands Inc.	Moore's	308	771	126	1,737	1	448
85	CAN	Highland Farms Inc.	Highland Farms, Coppa's Fresh Market	286	443	7	1,358	2	445
86	CAN	Boutique Marie Claire Inc.	Mode Le Grenier, Boutique Marie Claire, Claire France	276	856	295	2,469	8	448
87	CAN	Sail Plein Air Inc.	Sail, Sportium	275	826	14	1,750	2	451
88	USA	Urban Outfitters Inc.	Urban Outfitters, Anthropologie, Free People	271	261	35	1,458	3	448
89	CAN	The B&C Group Inc.	The Bombay Company, Bowring	265	624	87	872	3	442
90	CAN	Genuity Capital Markets	The Bargain! Shop, Red Apple Clearance Centre	265	1,763	153	1,625	2	448, 452
91	CAN	Sports Distributors of Canada Ltd.	Source For Sports	254	813	143	2,100	1	451
92	USA	The Children's Place Retail Stores, Inc.	The Children's Place, The Children's Place Outlet	243	584	122	1,900	2	448
93	USA	Guess Inc.	Guess, Guess Factory Store, Guess by Marciano	242	403	91	1,747	5	448
94	GBR	Signet Jewellers Ltd.	Peoples Jewellers, Mappins Jewellers	241	210	128	882	2	448
95	CAN	Roots Corporation	Roots 73 Outlet Store, Roots, Roots Kids	227	411	114	2,004	3	442, 448
96	CAN	Harry Rosen Inc.	Harry Rosen, Harry Rosen Factory Outlet	226	488	18	1,000	2	448
97	USA	Forever 21 Inc.	Forever 21, XXI Forever, F21 RED	225	864	47	1,387	3	448
98	USA	William-Sonoma Inc.	Pottery Barn, Pottery Barn Kids, William-Sonoma	221	228	23	978	4	442
99	CAN	TSC Stores Inc.	TSC Stores/Magasins	215	1,020	51	838	1	444, 452
100	CAN	Bouclair Inc.	Bouclair Home	215	970	98	1,212	1	442

FIGURE 2. ESTIMATED RCG100 SALES AS A PERCENT OF NATIONAL SALES: 2014 AND 2018

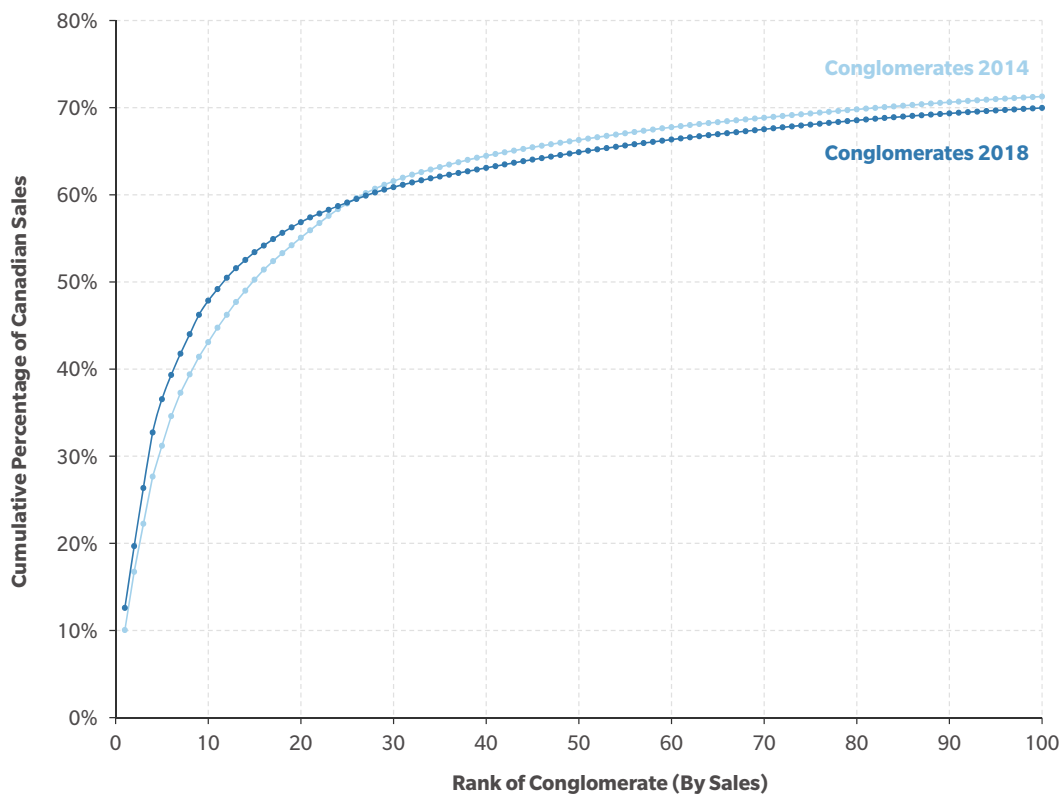
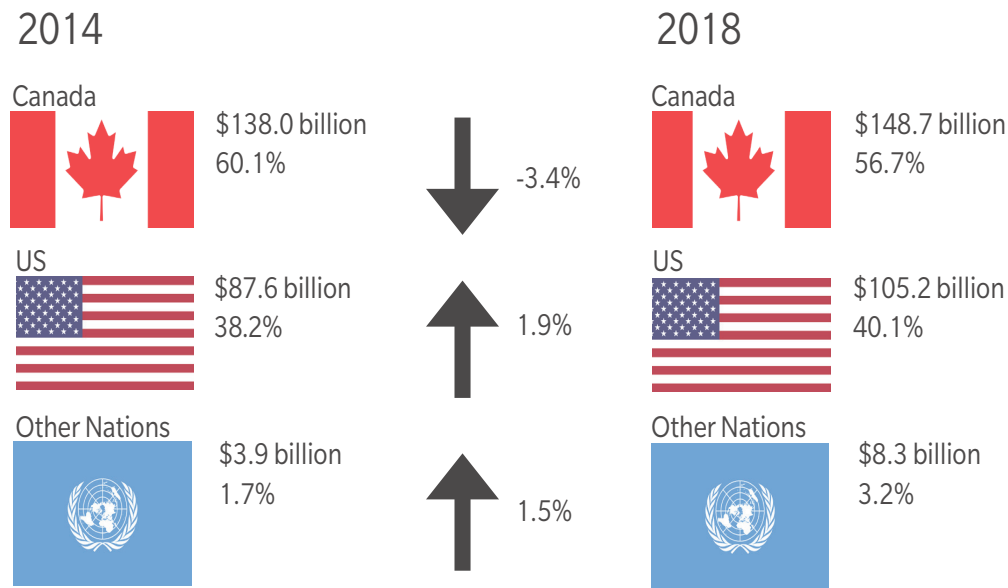


TABLE 2. RCG100:2014 CONGLOMERATES ACQUIRED BY RCG100:2018 CONGLOMERATES

RCG100:2014 Conglomerate	Sales \$b	RCG100:2018 Purchased by
SDM/Pharmaprix	10.93	Weston/Loblaw
Safeway	6.50	Empire/Sobey
Le Groupe Jean Coutu	4.06	Metro Inc.
Katz	3.10	McKesson
Uniprix	2.48	McKesson
Staples	2.96	Sycamore Partners
Rona	5.36	Lowe's Co. Inc
Toys 'R' Us	0.93	Fairfax Financial
Golf Town	0.52	Fairfax Financial
M&M Meat Shops	0.49	Searchlight Cap.

FIGURE 3 LOCATION OF CONGLOMERATE HEADQUARTERS IN RCG100:2018 COMPARED WITH RCG100:2014



ers to jump this exchange rate 'wall' and establish retail outlets in Canada. The information in Figure 3 supports this notion -- in the 2014 to 2018 period, conglomerates headquartered in Canada⁴ tended to lose share of the national retail market, while US companies tended to gain share. Canadian head-quartered sales are concentrated in the grocery (NAICS 445) and health care (NAICS 446) sectors, while US sales are concentrated in general merchandise (NAICS 452). The volume of sales associated with conglomerates outside North America is in magnitude quite small but gaining in share and geographic draw, particularly from Asia.

CSCA RETAIL CHAINS (RCH) 100

As with Table 1, the newly developed RCH100:2018 listing (Table 3) includes estimated information concerning sales, space, number of stores and employment (full-time + part-time) for each chain (classified by its NAICS category) ranked by sales. The sales element is diagrammed in Figure 4 where the area of each rectangle is proportionate to the sales of the chain in each NAICS category (chains with over \$1bn in sales are labelled). An advantage of this listing is that whereas in the RCG100:2018 listing, a conglomerate may include chains in different NAICS codes, in the RCH100:2018 listing each chain is identified by a single NAICS code.

We have previously noted that a conglomerate may include one or more retail chains. Some include factory outlets which in their original form were 'bricks-and-mortar' stores attached to a factory or warehouse providing a product identified with its output or stock but with a lower price regime than that available in regular stores. This concept has been used in the retail sector to establish alternative low-cost outlets linked to a known chain, and these have often become constituents of outlet centres – another form of non-enclosed shopping centre⁵. In those situations where a conglomerate has a chain with a corresponding outlet, their respective information has been combined because they are, in effect, providing the same range and type of products.

The information in Figure 4 and Table 4 indicates that 62.2% of national retail sales are contributed by chains in the CSCA RCH100:2018 listing. The bulk of these sales are in: NAICS 445, groceries and beverage stores, involving 34 chains, of which 32 are headquartered in Canada providing \$76.4b sales⁶; NAICS 452, general merchandise, involving 10 chains of which the five that are headquartered in the US (*Costco, Walmart, Hudson Bay, Nordstrom and Dollar Tree*) provide \$54.5b (81.3%) of the category's \$67.0b sales; and, NAICS 446, health and personal care, mainly pharmaceutical, comprising 12 chains with 71.6% of sales in Canada headquartered pharmacies (6

⁴ George Weston Limited ("GWL") is an incorporated company with its registered office located in Toronto. The Company's parent is the privately owned Wittington Investments, Limited ("Wittington"). http://www.weston.ca/EN/pdf_en/gwl_2018ar_en.pdf. Loblaw (the retail 'pillar' of GWL) is listed on the TSX with a Toronto head office.

⁵ Murray, A, and T. Hernandez (2014) *Outlet Centres in Canada: The Next Wave* (Toronto: Ryerson University, CSCA).

⁶ The non-Canada headquartered retailers are US-based Amazon's 'Whole Foods' and Japan-based 7-Eleven.

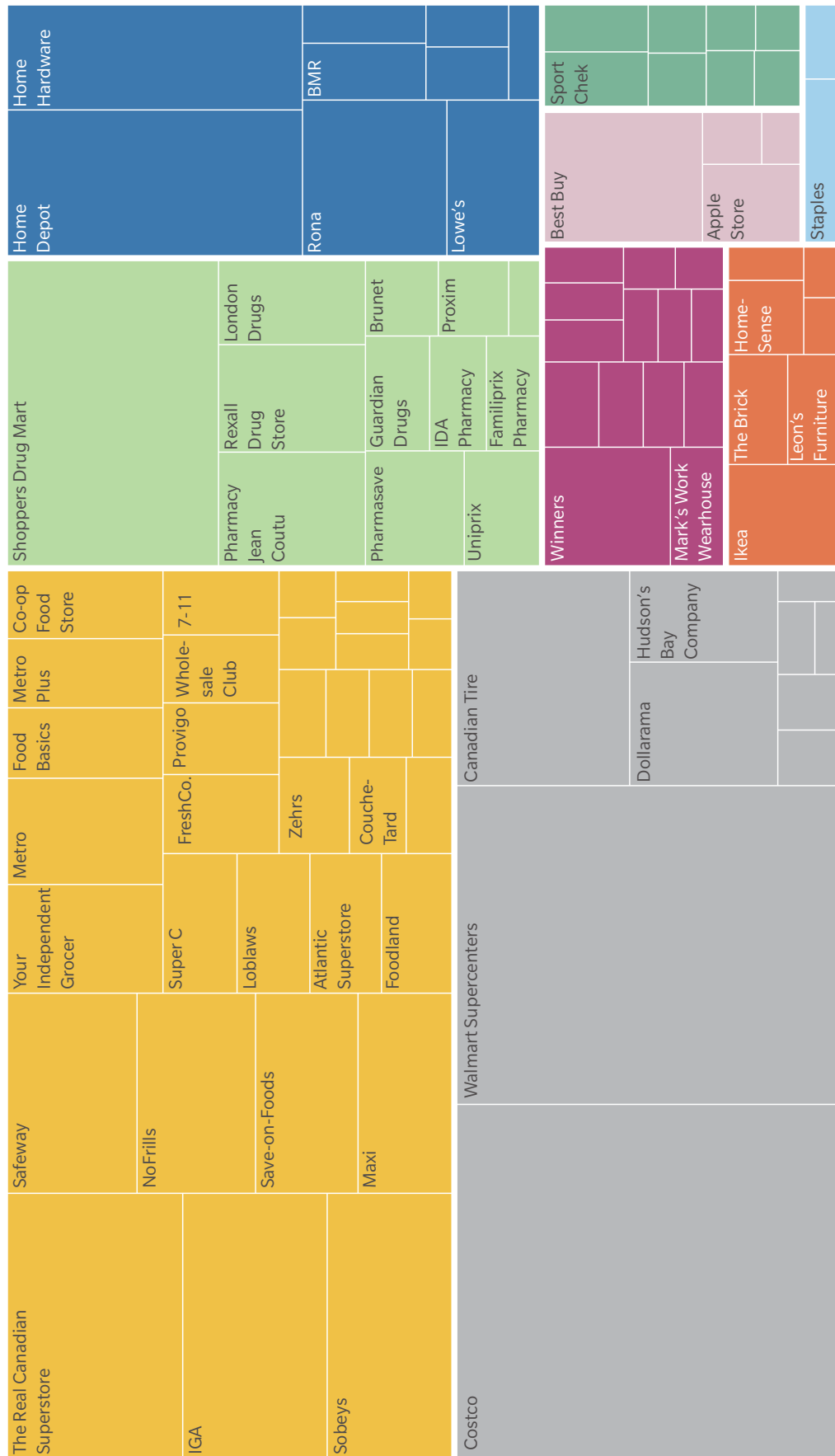
TABLE 3. CSCA RETAIL CHAIN 100 PROFILE (RCH 100:2018)

Rank	Corporate Control	Retail Chains	Retail Sales (\$ Millions)	Space Sq. Ft. (000s)	Number of Stores	Number of Employees	NAICS Code	Corporate Ownership
1	USA	Costco	26,689	14,477	100	32,361	452	Costco Inc.
2	USA	Walmart Supercenters	24,011	60,402	411	97,179	452	Walmart Stores Inc.
3	CAN	Shoppers Drug Mart/Pharmaprix	12,576	13,874	1,337	41,387	446	George Weston Ltd.
4	CAN	The Real Canadian Superstore	8,985	14,383	154	42,905	445	George Weston Ltd.
5	USA	Home Depot	8,408	19,110	182	32,887	444	The Home Depot, Inc.
6	CAN	IGA	7,378	12,197	350	36,591	445	Empire Company Ltd.
7	CAN	Canadian Tire	7,209	21,900	503	58,936	452	Canadian Tire Corporation
8	CAN	Sobeys	6,407	10,590	313	31,771	445	Empire Company Ltd.
9	CAN	Home Hardware	6,100	12,304	1,076	20,918	444	Home Hardware Stores Limited
10	CAN	Safeway	5,023	8,303	190	24,909	445	Empire Company Ltd.
11	CAN	NoFrills	4,600	7,363	259	21,965	445	George Weston Ltd.
12	USA	Rona	4,401	12,900	420	19,567	444	Lowe's Companies, Inc.
13	USA	Best Buy	4,146	3,785	177	10,728	443	Best Buy Co. Inc.
14	CAN	Save-On-Foods	3,972	6,566	159	20,824	445	The Jim Pattison Group
15	CAN	Maxi	3,647	5,839	113	17,417	445	George Weston Ltd.
16	CAN	Dollarama	3,549	12,520	1,225	19,300	452	Dollarama Inc.
17	CAN	Your Independent Grocer	3,278	5,248	128	15,655	445	George Weston Ltd.
18	CAN	Pharmacy Jean Coutu	3,253	6,752	418	13,439	446	Metro Inc.
19	CAN	Metro	3,214	6,752	219	23,072	445	Metro Inc.
20	USA	Rexall Drug Store	3,095	3,316	423	7,300	446	Mckesson Corporation
21	USA	Winners	2,950	7,588	271	17,644	448	The TJX Companies, Inc.
22	USA	Lowe's	2,827	8,284	65	11,745	444	Lowe's Companies, Inc.
23	USA	Hudson's Bay	2,633	15,799	91	15,957	452	NRDC Equity Partners
24	CAN	London Drugs	2,399	2,482	80	2,202	446	H.Y. Louie Company
25	SWE	Ikea	2,390	4,874	19	6,500	442	INGKA Holding B.V.
26	CAN	Pharmasave	2,226	2,511	650	7,780	446	Pharmasave
27	CAN	Food Basics	2,131	4,476	131	15,296	445	Metro Inc.
28	CAN	Metro Plus	2,073	4,355	114	14,881	445	Metro Inc.
29	CAN	Co-op Food Store	2,064	8,005	406	7,650	445	Federated Cooperatives Ltd.
30	CAN	Super C	1,994	4,188	97	14,313	445	Metro Inc.
31	CAN	Loblaws	1,963	3,142	46	9,374	445	George Weston Ltd.
32	CAN	Atlantic Superstore	1,927	3,086	51	9,204	445	George Weston Ltd.
33	CAN	Foodland	1,905	3,149	223	9,446	445	Empire Company Ltd.
34	CAN	FreshCo.	1,781	2,945	91	8,834	445	Empire Company Ltd.
35	USA	Uniprix	1,675	1,795	284	2,937	446	Mckesson Corporation
36	CAN	Provigo	1,622	2,597	84	7,747	445	George Weston Ltd.
37	CAN	Wholesale Club	1,537	2,460	41	7,338	445	George Weston Ltd.
38	USA	Apple Store	1,498	209	29	3,000	443	Apple Inc.
39	USA	Staples	1,462	7,310	306	10,250	453	Sycamore Partners
40	JPN	7-Eleven Food Stores	1,461	1,169	622	2,219	445	Seven & I Holdings Co., Ltd.
41	USA	Guardian Drugs	1,443	1,546	467	4,829	446	Mckesson Corporation
42	CAN	Zehrs	1,312	2,100	42	6,264	445	George Weston Ltd.
43	CAN	The Brick	1,303	6,718	212	5,823	442	Leon's Furniture Ltd.
44	CAN	Leon's Furniture	1,285	6,622	86	2,362	442	Leon's Furniture Ltd.
45	USA	IDA Pharmacy	1,247	1,375	560	5,791	446	Mckesson Corporation
46	CAN	Mark's Work Warehouse	1,247	3,600	386	9,688	448	Canadian Tire Corporation
47	CAN	Familiprix Pharmacy	1,200	1,767	360	5,000	446	Familiprix Inc.
48	CAN	Sport Chek	1,168	4,393	194	11,823	451	Canadian Tire Corporation
49	USA	HomeSense	1,118	2,875	125	6,685	442	The TJX Companies, Inc.
50	CAN	BMR	1,382	3,321	234	5,188	444	La Coop fédérée

TABLE 3. CSCA RETAIL CHAIN 100 PROFILE (RCH 100:2018) [CONTINUED]

Rank	Corporate Control	Retail Chains	Retail Sales (\$C Millions)	Space Sq. Ft. (000s)	Number of Stores	Number of Employees	NAICS Code	Corporate Ownership
51	CAN	Brunet	1,075	1,300	160	4,443	446	Metro Inc.
52	CAN	Couche-Tard	1,050	1,863	810	8,992	445	Alimentation Couche-Tard Inc.
53	USA	Proxim	1,032	1,106	271	2,802	446	McKesson Corporation
54	CAN	Toys 'R' Us	984	3,052	82	3,488	451	Fairfax Holdings Inc.
55	USA	Marshalls	924	2,376	88	5,525	448	The TJX Companies, Inc.
56	USA	Reno Depot	913	2,677	23	4,156	444	Lowe's Companies, Inc.
57	CAN	Tim-Br Mart	863	2,077	209	4,652	444	Tim-br Marts Ltd.
58	CAN	Circle K	860	1,174	663	7,360	445	Alimentation Couche-Tard Inc.
59	CAN	Fortinos	790	1,265	23	3,774	445	George Weston Ltd.
60	USA	Old Navy	753	1,394	81	5,128	448	The Gap, Inc.
61	CAN	Bulk Barn	742	1,313	274	1,809	445	Bulk Barn Foods Ltd.
62	CAN	Giant Tiger	741	5,394	244	7,959	452	Giant Tiger Stores Ltd.
63	USA	Nordstrom	737	1,151	12	2,621	452	Nordstrom, Inc.
64	CAN	Longo's	732	1,067	31	4,032	445	Longo Brothers Fruit Markets Inc.
65	CAN	Lululemon	695	185	61	4,003	448	Lululemon Athletica Inc.
66	CAN	T&T Supermarket	682	1,092	26	3,258	445	George Weston Ltd.
67	CAN	Kent Building Supplies	677	2,352	49	3,400	444	J.D. Irving Ltd.
68	SWE	H & M	667	1,734	88	1,750	448	H & M Hennes & Mauritz AB
69	USA	PetSmart	660	1,987	131	4,142	453	PetSmart Inc.
70	CAN	L'Aubainerie	648	1,387	57	4,271	448	L'Aubainerie
71	USA	Michaels	630	2,412	134	5,075	451	Bain Capital Partners
72	CAN	Visions Electronic	557	557	42	1,235	443	Visions Electronics
73	CAN	Castle Building Centres	580	3,217	288	4,951	444	Castle Building Centres Group Ltd.
74	CAN	Holt Renfrew	576	720	9	2,148	448	George Weston Ltd.
75	USA	Saks Off 5th/Fifth Avenue	567	1,000	21	1,010	448	NRDC Equity Partners
76	CAN	Northern Stores	566	686	117	2,478	445	North West Co. Fund
77	CAN	Golf Town	564	855	47	1,999	451	Fairfax Holdings Inc.
78	USA	EB Games	561	464	311	2,488	451	GameStop Corp.
79	CAN	Simons	532	1,200	15	2,500	452	La Maison Simons
80	CAN	Valu-Mart	522	835	55	2,491	445	George Weston Ltd.
81	USA	Bed Bath & Beyond	519	1,442	53	2,073	442	Bed Bath & Beyond Inc.
82	CAN	Aritzia	514	256	49	1,416	448	Aritzia Inc.
83	CAN	Indigo Books & Music	513	1,174	67	3,472	451	Indigo Books & Music Inc.
84	USA	Whole Foods	500	452	13	2,195	445	Amazon Inc.
85	USA	Gap	489	1,381	154	5,079	448	The Gap, Inc.
86	CAN	Sleep Country Canada	481	1,065	208	1,076	442	Sleep Country Canada Holdings Inc.
87	CAN	Mountain Equipment Co-op	462	529	23	2,583	451	Mountain Equipment Co-operative Ltd.
88	CAN	Ardene	460	1,662	353	3,035	448	Ardene Holdings Inc.
89	FRA	Sephora	456	350	63	1,230	446	LVMH Moët Hennessy
90	CAN	Bonisoir	451	746	259	2,238	445	Empire Company Ltd.
91	CAN	Thrifty Foods	442	731	25	2,193	445	Empire Company Ltd.
92	CAN	La Vie En Rose	442	1,005	278	3,035	448	Gestion Franco Reberge Inc.
93	USA	Ashley Furniture Homestore	435	1,501	59	2,455	442	Ashley Furniture Industries Inc.
94	CAN	Fields	429	744	62	1,321	452	FHC Holdings Ltd.
95	CAN	Mac's	424	674	327	3,630	445	Alimentation Couche-Tard Inc.
96	USA	Dollar Tree	420	2,043	225	2,596	452	Dollar Tree Inc.
97	CAN	Chapters	408	944	40	2,792	451	Indigo Books & Music Inc.
98	CAN	The Source	404	1,160	517	1,938	443	BCE Inc.
99	CAN	Marche Tradition	399	660	71	1,981	445	Empire Company Ltd.
100	SPN	Zara	398	511	34	2,325	448	Inditex Group

FIGURE 4. CSCA RETAIL CHAINS BY NAICS CATEGORY AND ESTIMATED SALES (RCH100:2018)



- NAICS CODE**
- 442 - Furniture & Home Furnishings
 - 443 - Electronics and Appliances
 - 444 - Home Improvement
 - 445 - Grocery
 - 446 - Health and Personal Care
 - 448 - Clothing and Footwear
 - 451 - Hobby Stores
 - 452 - General Merchandise
 - 453 - Miscellaneous

TABLE 4. CSCA RETAIL CHAINS BY NAICS - ESTIMATED METRICS AND PERCENT OF CANADA SALES (RCH100: 2018)

NAICS Code	NAICS Code Description	Chains	Sales (\$m)	Canada Sales %	Space Sq. Ft. (000s)	Number of Stores	Sales/ Sq. Ft.
442	Furniture & Home Furnishings	7	7,530	2.0%	25,097	762	300
443	Electronics & Appliances	4	6,676	1.8%	5,712	765	1,169
444	Home Improvement	9	26,151	6.9%	66,242	2,546	395
445	Grocery & Beverages	34	76,435	20.3%	131,469	6,527	581
446	Health & Personal Care	12	31,713	8.4%	35,354	5,073	897
448	Clothing & Footwear	14	11,331	3.0%	24,799	1,930	457
451	Hobby Stores	8	5,289	1.4%	13,823	898	383
452	General Merchandise	10	66,950	17.8%	135,630	2,888	494
453	Miscellaneous	2	2,122	0.6%	9,298	437	228
Totals and % of Canada Sales		100	234,196	62.2%	447,424	21,826	523

chains) and 17% of sales controlled by the US-based *McKesson Corporation*. Other categories in which the volume of sales is less than what may be intuitively expected are: NAICS 443 (1.8%) particularly with respect to electronics; and, NAICS 451 particularly with respect to books. Store-based sales in these categories have been impacted by online activity.

The interesting feature of NAICS 445 is that sales in this category are under pressure from two directions. The base of store sales is household expenditures⁷, and the information we have is that spending on food and beverages are directed 66% toward 'consumption in home' and 34% toward 'consumption out'. The differences in the 2014 to 2017 rates of increase in these forms of consumption for the 'average Canadian household' are astonishing – the annualized growth rate (AGR) for store-based expenditures is 0.5% per annum while that for restaurants and fast-food operations is 4.5% per annum. The other direction of pressure is from sales online.

The vast bulk of sales in the general merchandise category are with *Walmart* and *Costco*⁸ – the largest global general merchandisers. *Costco* came to Canada in 1985 as a membership-only warehouse club in the discount department store 'space' also including groceries. Our sales data estimates in Tables 1 and 3 include both retail sales and membership fees – the latter essentially providing its profit margin. *Walmart* came to Canada in 1994, initially occupying under-performing *Woolco* premises, operating large format discount department stores. Since 2007, the *Walmart* model has transitioned to a Supercentre format which stocks everything including groceries. The iconic *Canadian Tire* chain, suppliers of most children's first skates and hockey sticks, is the third largest general merchandiser in the country – but note the presence of *Dollarama*, one of Canada's fastest growing chains.

In 2018 the top 100 chains contributed 62.2% to national non-auto related retail sales – somewhat less (as would be expected) than that of the 70% for their conglomerate parents. The traces of the two 2018 curves are, however, somewhat different (Figure 5). The 2018 conglomerate trace is above, as it should be, the 2018 chain curve, but it is much steeper – the 0 to 20th percentile includes 57% of national sales for conglomerates and 40% for chains. Thus, while national sales are dominated by a few chains, this is less extreme than for conglomerates. The appearance of domination at the chain level is, therefore, far less than the actuality demonstrated by the conglomerates, which for the most part are invisible to the shopping public. One-third of these leading chains are controlled by four conglomerates (*George Weston Gp.*, *Empire Co.*, *Metro Inc.*, and *McKesson Corp.*) with almost 25% of national sales.

Figure 5 also includes a cumulative trace for the top 100 chains in 2014. The general profile for the 2018 and 2014 traces are quite similar except that they diverge after the top 25 chains. The implication is that the chains ranking below the 25th are contributing less to national sales in 2018 than those in 2014. This, of course, reflects the situation recognized in Figure 2 except that the specific chains contributing to these lower shares of national sales may be identified. One level is specification by country. In this regard it appears that between 2014 and 2018 sales of Canada headquartered chains contributed 6.4 percentage points less to the RCH100:2018 total than in 2014, while the contribution of chains headquartered in the US increased by 5.5 percentage points and from elsewhere in the world by 0.9 percentage points. Thus, without identifying particular chains, we can point to the Canadian group in general as contributing less well to the RCH100:2018 listing than the RCH100:2014 listing.

⁷ Statistics Canada (accessed May, 2019) *Household Spending by Size of Area of Residence* (Cansim Table 11100226). Data pertains to 2017. With an inflation rate of 4.5% for the period, store-based sales are declining and food services held steady for the 2014-2017 period. See also: Yeates, M. V. Kakuk and T. Hernandez (2019) *Commercial Activity in the GTA and the Impact of E-Commerce* (Toronto: Ryerson University, CSCA).

⁸ Both are one chain conglomerates. A Costco Business Centre opened in Scarborough (Toronto) in 2017 providing goods and services for businesses .

FIGURE 5. COMPARISON OF SALES VOLUMES BY CHAIN, 2014 AND 2018 (AS A % OF NATIONAL SALES)

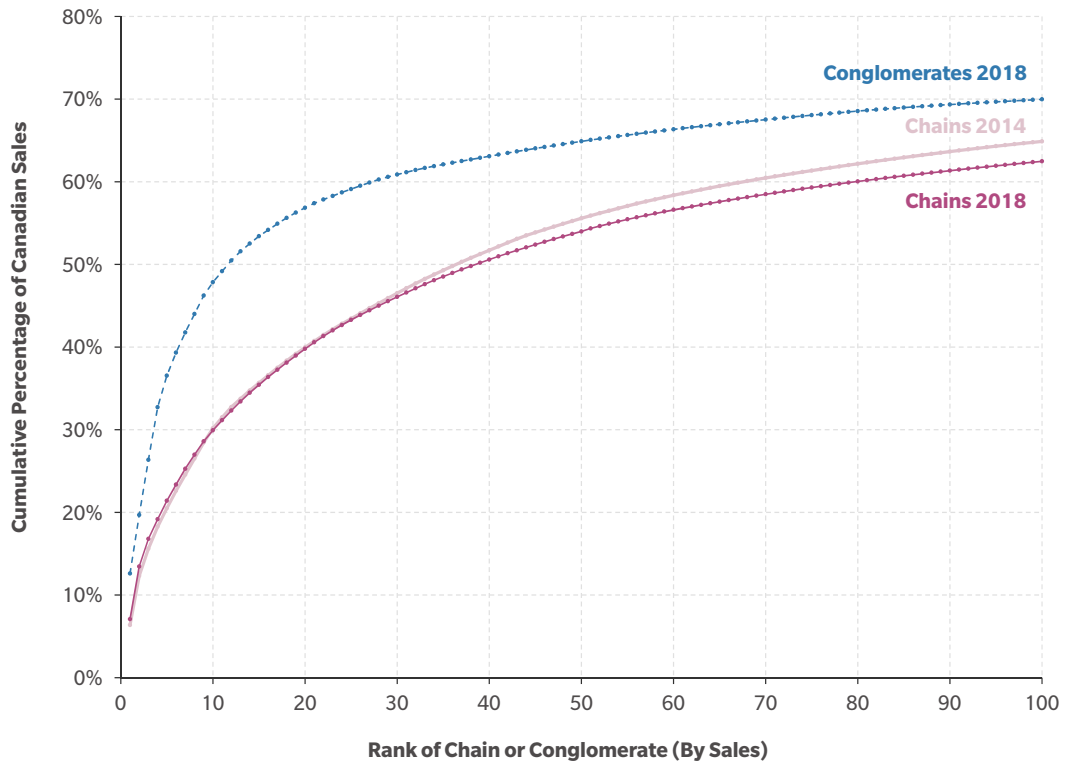
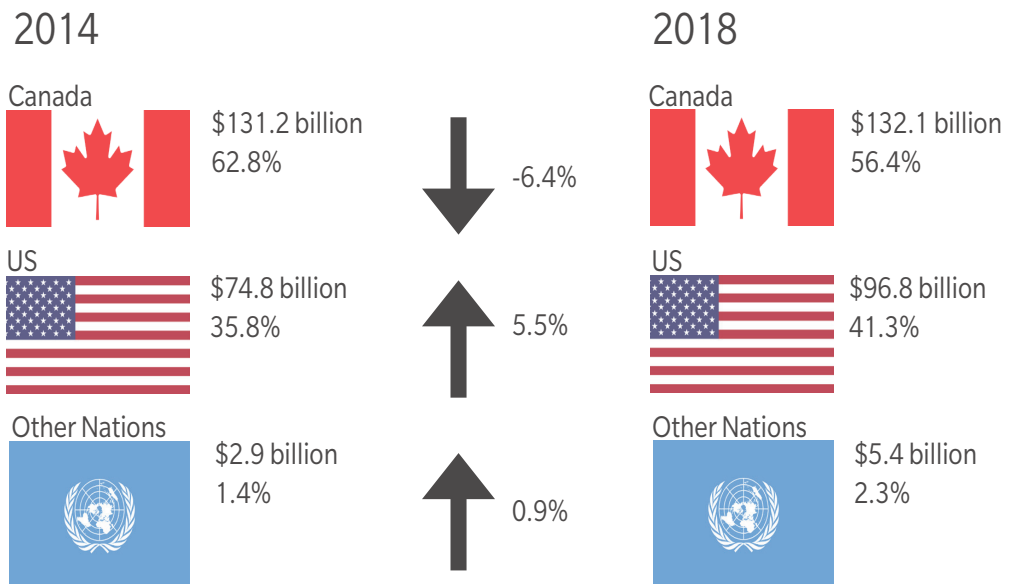


FIGURE 6. LOCATION OF CHAIN HEAD-QUARTERS IN RCH100:2014 COMPARED WITH RCH100:2018



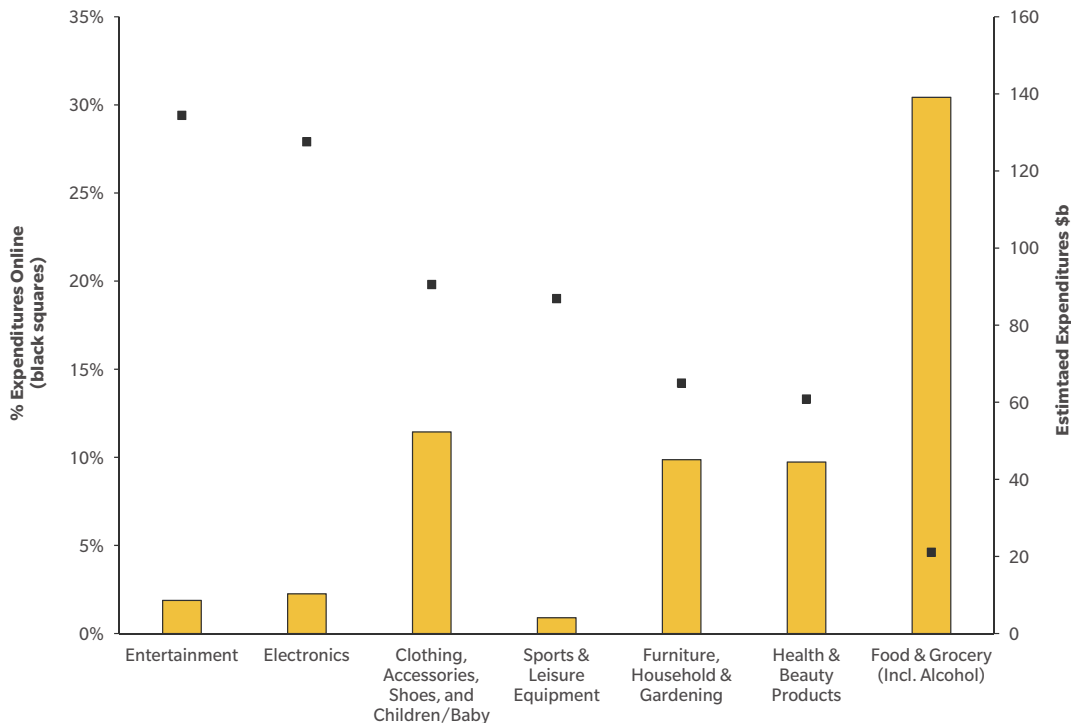
ONLINE ACTIVITY: FISCAL 2018

This presentation of the **CSCA Retail 100** in both its conglomerate and chain forms does not disentangle store-based sales from online sales of the direct to consumer type (DtC), nor does it include estimates of pure-play retail sales. The distinction of store-based sales being where the 'point of sale' (PoS) originates and a 'non-store' sale originating 'online' has become quite fuzzy because the smartphone is a mobile computer and retail apps are pervasive. Furthermore, measurement of online activity is challenging to estimate given its disruptive complexities – the only way it can be measured fully is through rigorous detailed household expenditure surveys which are not available. Hence, we do not really know how much is occurring, though sales estimates are improving in quality. What we do know is online trade is permeating virtually all aspects of commercial activity beyond that of pure-play. Even pure-play is becoming permeable. For example, *Lululemon* (440 stores in 14 countries, with 66 in Canada) does its business through “company-operated stores and direct to consumer”⁹. The DtC component includes sales generated from its various region specific web-sites “... including mobile apps on in-store devices that allow demand to be fulfilled via... distribution centers or other retail locations”.

It has, therefore, become difficult to ascertain how much of household expenditure originates online, and the possible impact of these sales on store-based activity and the space it consumes. Useful estimates of the amount of online activity in household expenditures are, however, provided by **EnviroNics Analytics** for Canada and the Provinces with their **ClickSpend** estimates for 2018. This information is summarized in Figure 7 with respect to seven groups of retail activity which have been aggregated in some cases by the authors of this *CSCA Research Insight* (for example: clothing with shoes and 'children') from the more detailed *ClickSpend* categories. The information displayed suggests that in 2018 \$35.3b, or 11.6% of expenditures by households in the defined retail categories in Figure 7, occurred online.

While the aim of the online disruption may not be to erode store-based activity completely, convergence on such a situation is becoming evident in certain consumer categories -- such as NAICS 4513 (book stores and news dealers) in which only one large chain remains (*Indigo* with 240 locations). Our aggregated Clothing category experienced similar disruption for total expenditures which were estimated to have been \$52.3b in 2018, probably incurred 20% of expenditure online. Given the dominance of clothing stores in large malls, the im-

FIGURE 7. CANADA: ESTIMATES OF SELECTED RETAIL 'ONLINE' EXPENDITURES BY HOUSEHOLDS, 2018¹⁰



⁹ Lululemon Athletica Inc. (2019) *Annual Report* (for the fiscal year ended February 3, 2019), p.2.

¹⁰ Data Source: *ClickSpend*, EnviroNics Analytics (EA), 2018. Special thanks to Jan Kestle, Tony Lea and Peter Miron at EA for providing access to this data for our study. Note that we use 2018 data to align with Fiscal reporting. More recent updates are available from EA.

plication is that bricks-and-mortar is losing \$10b in sales annually to online services further compounded by this category's diminishing share of household expenditures¹¹. The Health and Beauty products category appears to be incurring almost 13.3% of sales online, with store-based pharmacies investing heavily in this aspect of their business.

The one category that is obviously of interest to 'online' operations are food expenditures (including restaurants) which in 2018 totaled \$139b across the country. While household expenditures on food items from grocery stores is large (approximately \$95b), its share of household expenditures is decreasing. On the other hand, expenditures on restaurants and fast-food establishments are growing rapidly – with *Uber Eats* joining the existing national home delivery businesses (*Pizza Pizza* for example), and the pending incursion, subject to shareholder agreement, of *Just Eat Takeaway.com* into the Canadian market¹². Large conglomerates operating in the traditional grocery segment (such as the *Weston*, *Walmart*, *Costco*, *Empire* and *Metro*) are now developing online models for the order and fast delivery of grocery products – such as *Loblaws' Instacart*.

Although online sales by conglomerate or chain are difficult to identify - there are clues. For example, *Walmart* indicates in its *Annual Report* that it had total US sales of \$318.5b in Fiscal 2018/2019 of which \$11.5b, or 3.6%, are sales online¹³. The e-commerce procedure in the US and Canada often involves online orders followed by pick-up at store. If it is assumed the online penetration by *Walmart* in Canada is the same as the US, it can be estimated online sales in 2018 may have been C\$864m (C\$24b*3.6%). The 'holy grail' for online, however, is same day delivery for all kinds of groceries, particularly perishables. To this end, *Sobeys* is partnering with British grocery giant *Ocado* to bring an online grocery platform, *Voilà by Sobeys*, to the Canadian market which "...will feature an end-to-end shopping solution incorporating online grocery ordering, automated fulfillment and home delivery"¹⁴. The first step will involve the establishment of a 'Customer Fulfillment Centre' in the GTA.

LEADING DISRUPTION

Amazon has implemented one of the most disruptive internet models facing the consumer service sector in the Western World¹⁵. Its global sales increased at an AGR of 22.8% (current dollars) in the five year period between 2013 and 2018, and North American sales at an AGR of 25.3% (compared against US 2013-2018 total inflation of 7.5%). It is basically a pure-play operation, though investment in *Whole Foods* (520 North America stores of which 13 are located in Canada) in 2016 signaled an increasing interest in extending its current online business model to the grocery sector¹⁶. While *Amazon* sales in Germany, Japan, the UK and 'Rest of the World' are listed separately in the company's Annual Reports those for Canada are subsumed within North America sales which in 2018 were US\$164b¹⁷.

A first challenge, therefore, is to partition *Amazon's* Canadian sales from US sales. One way of doing this is to use a crucial element of the *Amazon* product distribution model -- 'fulfillment' centres (and sortation centres) -- which ideally are located to fulfill consumer orders rapidly. Unfortunately, as of 2018, a large portion of the population across the country is not located within the range of local fulfillment centres and are served by those more distant or cross-border (frequently by air cargo¹⁸). This situation is being addressed to a degree by the growth, in recent years, of fulfillment centres across major markets in Canada (Figure 8)¹⁹. Consequently, we are partitioning *Amazon* sales in Canada on the basis of the country's share of the North American 'Gross National Income on a Purchasing Power Parity' basis in 2018²⁰ which was 7.8%. This share of GNI suggests *Amazon* sales in Canada in 2018 could have been US\$12.8b or C\$16.6b. Thus, *Amazon*, if it were included in the CSCA's RCG100: 2018 listing, would rank as the 5th largest retail conglomerate in the country.

¹¹ Yeates, M., V. Kakuk and T. Hernandez (2019) *Commercial Activity in the GTA and the Impact of E-Commerce* (Toronto: Ryerson University, CSCA).

¹² Sandle, P and B.H. Meijer (2019) "Takaway.com and Just Eat Agree on terms of Merger" *Globe and Mail*, August 6. Merger aims to compete with Uber Eats and Deliveroo (Amazon) in a guesstimated US\$100b global market!

¹³ <http://www.corporatereport.com/walmart/2018/ar/>. Walmart indicates it has US\$22b online for US sales in FY 2019.

¹⁴ Allen, M. (2018) "Sobeys is bringing a brand new online grocery platform to Canada" <https://mobilesyrup.com/2018/01/22/> and Redman, R. (2019) "Sobeys CEO Michael Medline calls Ocado online grocery platform 'game-changing'" <https://www.supermarketnews.com/retail-financial/sobeys-ceo-michael-medline-calls-ocado-online-grocery-platform-game-changing>.

¹⁵ Khan, L.M. (2017) "Amazon's Antitrust Paradox" *Yale Law Review* 126(3), 564-907. <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>. Two important matters being: the issue of predatory pricing; and, whether Amazon's control of an extensive digital Marketplace creates anticompetitive effects. Also: <https://rila.my.salesforce.com/sfc/p/>.

¹⁶ Hartung, A. (2017) "Nine Reasons Why Amazon Buying Home Foods is a Good Idea" *Forbes Business*, June 16.

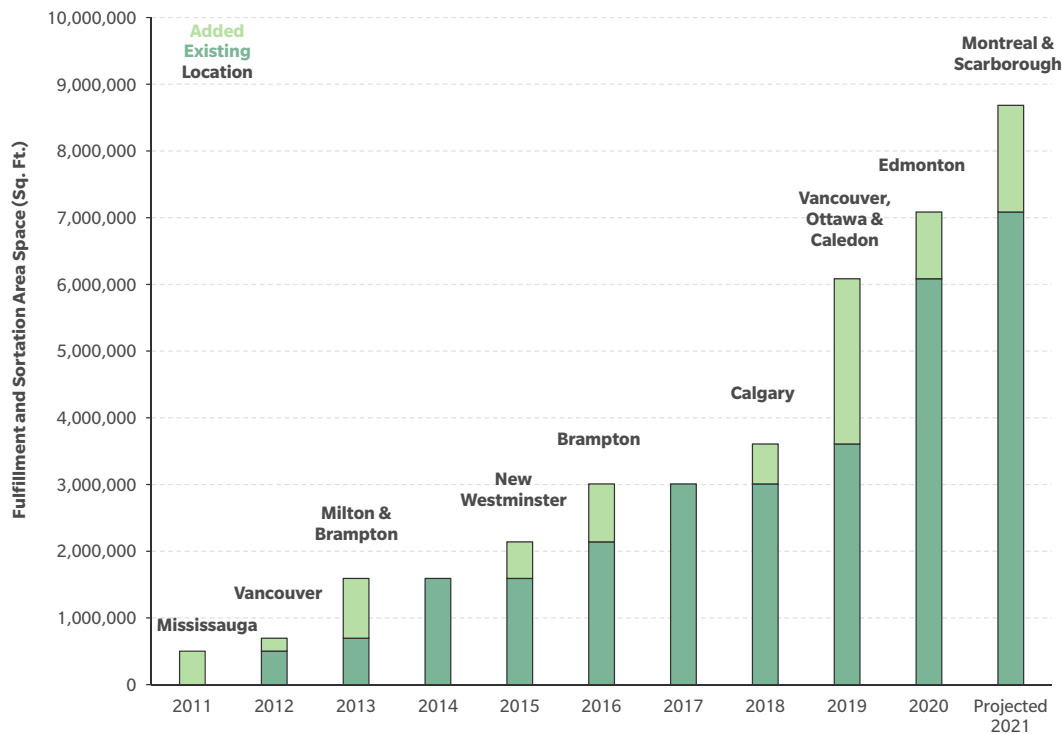
¹⁷ Amazon Inc. (2019) *Annual Report*, 2018, pp.15, 23, 67. Note: third-party 'Marketplace' seller services (now 18% of consolidated sales) are included because some utilize 'fulfillment centre' services; but International Sales, Amazon Web Services (AWS), and subscription services (Prime) are excluded.

¹⁸ Prang, A. (2019) "CargoJet : Amazon enter warrant agreement tied to performance" <https://www.marketscreener.com/>, Aug. 22. CargoJet is a Mississauga based company. Amazon also has its own facility – Amazon Air.

¹⁹ MWPVL (2019) *Amazon Global Fulfillment Center Network* (http://mwpvl.com/html/amazon_com.html). The 1m sq. ft. Ottawa Fulfillment Centre is located at 5371 Boundary Rd. close to the Trans-Canada Highway, 200 kms. to Montréal.

²⁰ World Bank (2019) <https://data.worldbank.org/indicator/NY.GNP.MKTP.PP.CD>.

FIGURE 8. AMAZON: GROWTH IN FULFILLMENT AND SORTATION CENTRE SPACE IN CANADA, 2011 TO 2020



Virtual Conglomerates?

What other services of prominence, either pure-play or DtC, are being utilised in the online retail space? One that instantly comes to mind is *Shopify Inc.* which provides multi-channel PoS platforms facilitating all aspects of a business involved with the marketing, sales, and delivery of products purchased 'online'. The business could be 'pure play', DtC, or a combination. *Shopify's* objective of facilitating business management with operations in the 'online' space is different from *Amazon* which focuses solely on sales. Hence, the *Shopify* PoS platform provides (in many languages) a useful vehicle for managing different forms of 'online' activity. In 2018 the company had over 820,000 merchants from 175 countries using the platform generating a GMV (Gross Merchandise Volume, or Value) of US\$41.1b (C\$53.4b)²¹. In that year 7% of users were located in Canada, the implication being that *Shopify* facilitated a GMV of about C\$3.7b for Canadian businesses.

Some of *Shopify's* participating businesses would have listed online activity among their sales figures for 2018, but we doubt many would have total sales sufficient to be included in the CSCA RCG100:2018. In consequence, we recognise a *Shopify* 'virtual conglomeration of independents' (VCI) -- a conglomeration of 'independent' store-based retailers with some internet activity either 'pure play' or DtC -- which, if included in the CSCA RCG100:2018, would rank the VCI as the 15th largest

retail conglomeration in the country. It is, therefore, interesting that *Shopify* is now in the process of augmenting its merchant based delivery process through the establishment of its own version of 'fulfillment' centres in the largest markets. Similar such calculations could be made for other e-commerce platforms or DtC players (e.g., *wayfair.ca*, *eBay*, *AliExpress*, etc.). However, disentangling 'first' versus 'third' party sales to Canadian consumers of new products as opposed to second-hand or even counterfeit items is particularly challenging. This represents a growing data gap. More research is needed in this area to better estimate the impact of online sales within Canada and the potential sales leakage beyond Canadian borders.

SUMMARY

CSCA's Retail 100 listing has been augmented this year with a breakdown provided for both Retail Conglomerates (RCG) and the Retail Chains (RCH) that they control.

The CSCA Retail 100 has highlighted the following:

- A few large store-based conglomerates effectively control a large proportion of the Canadian non-auto retail sales environment. Our latest data shows that this long-standing trend has continued apace.

²¹ http://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_SHOP_2018.pdf.

- In 2018 the ten largest conglomerates controlled 48% of national retail sales, increasing from 43% in 2014.
- The increasing retail dominance is focused on the largest retail conglomerates on the RCG100 list, as the overall contribution to national sales of all 100 retail conglomerates slightly decreased from 2014 to 2018.
- Store closures and merger/acquisition activities have resulted in some major changes in the RCG100 listing over time. For example, seven conglomerate closures occurred between 2014 and 2018, involving \$6.6b sales, of which *Sears* (\$4.2b) and *Target* (\$1.3b) were by far the largest. Mergers and acquisitions amongst ten conglomerates impacted \$37.3b in sales, centred on four of the largest conglomerates in 2018 (*Weston*, *Empire*, *Metro* and *McKesson*).
- Although Canadian head-quartered companies provided the majority of sales (56.7%) in the RCG100 in 2018, this share decreased by 3.4 percentage points from that in 2014. By contrast, stores headquartered in the US increased 1.9 percentage points, and in other countries by 1.5 percentage points.
- In 2018, 62.2% of Canada's non-auto retail sales were controlled by the RCH100. The bulk of these sales are in groceries and beverage stores (20.3% of national sales), general merchandise (17.8%) and health and personal care (8.4%). Groceries and beverage stores are dominated by Canadian headquartered chains. The general merchandise category is dominated by US headquartered operations. Health and personal care are dominated by Canadian headquartered businesses.
- While the level of domination by the ten largest chains is about same for both 2014 and 2018, the 100 largest chains in 2014 contributed a greater share of national sales (65%) than those in 2018. Thus, the difference in contribution to national sales between 2014 and 2018 is related to sales in chains ranked between 25th and 100th.
- Canadian headquartered chains contributed 6.4 percentage points less to the 2018 total than in 2014, while the contribution of chains headquartered in the US increased by 5.5 percentage points and from elsewhere in the world by 0.9 percentage points.
- Estimates of the amount of online activity in 2018 in household expenditures indicate that, for the main groups of retail – entertainment, electronics, clothing/shoes/children, sports & leisure, furniture & household, health & personal care, groceries/food/alcohol were \$35.3b (i.e., 11.6% of expenditures in these categories were spent online).
- It is estimated that the highest shares of 'online' expenditure were in entertainment (30%) and electronics (28%), the lowest in groceries/food/alcohol (less than 5%).

The 'elephants' in this non-auto retail sales 'room' are, of course, online e-retail activity – including pure-play (particularly via *Amazon*), DtC along with other e-commerce platforms. For example, *Amazon's* estimated sales in Canada in 2018 were C\$16.6b, which would place it as the 5th largest 'retail conglomerate' in the country!! While the CSCA Retail 100 captures some of the online activities through store-based sales reporting of the retail conglomerates and their chains, much of the burgeoning e-retail sales are either not systematically reported or reported at all. This remains an area in need of more data and research.

2016

CORPORATE CONCENTRATION IN THE CANADIAN RETAIL PHARMACY INDUSTRY

M. Yeates and T. Hernandez

THE CANADIAN OMNI-CHANNEL RETAIL LANDSCAPE

A. Murray and T. Hernandez

MARKET THRESHOLDS OF MAJOR RETAILERS IN CANADA

A. Murray and T. Hernandez

OPEN ALL HOURS: CONVENIENCE STORES IN CANADA

M. Yeates and T. Hernandez

THE CSCA RETAIL 100

C. Daniel and T. Hernandez

2017

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