



Sectoral Profile

Retail Trade

NAICS 44-45

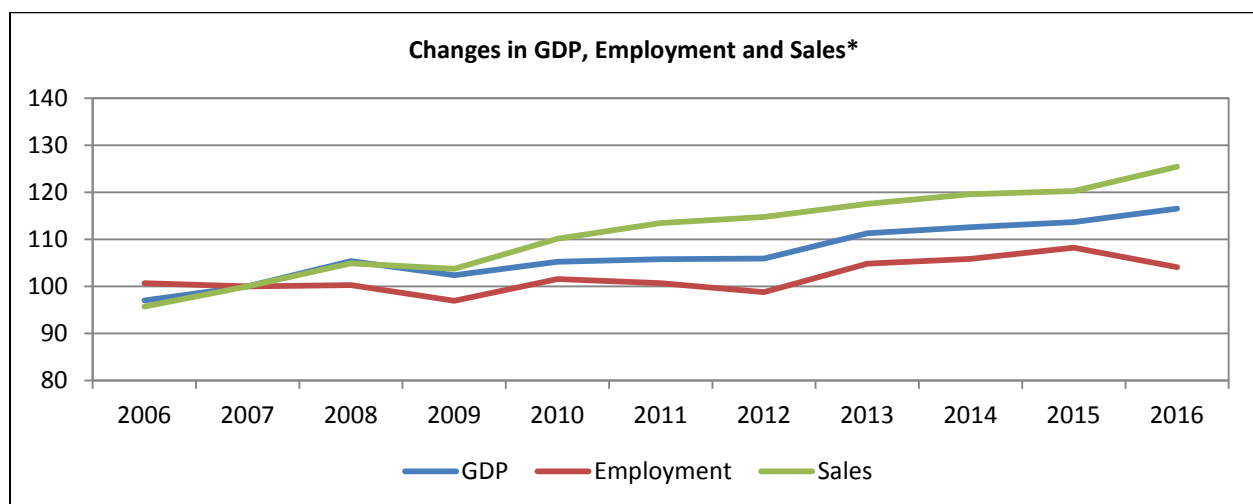
Quebec

2018-2020*



- New car sales, furniture and luxury products are sensitive to economic conditions and to discretionary spending of households
- The food industry is the least sensitive to economic conditions; there may be a slight decrease in sales during difficult periods, but the impact will be less strong compared to other segments
- Disposable personal income is on the rise, but consumers face rising prices and a dropping Canadian dollar, which makes imported products more expensive
- The ratio of household debt to assets held is low, most households are comfortable with debt management and the percentage of at-risk households is decreasing — saving rate has averaged 5% over the past two years, a twenty-year high

Household consumer spending picked up at the end of 2015, and this trend continued in 2016 and 2017. Retail sales rebounded and experienced growth not seen in years. This did not prevent the savings rate from growing: over the last two years, it has averaged 5%, its highest level since 2015 (2.3%).



* Data are given in index numbers where the year 2007 = 100

Sources: Statistics Canada, GDP – CANSIM 379-0030, Employment – LFS, Sales – CANSIM 080-0020

Though the strong sales growth was a bit surprising, so was the decrease in retail employment in 2016. It is true that, for many years now, the growth of sales has not been an indicator of employment growth: the link

* This document is the result of analyses performed using information available as at April 5, 2018.

between household spending, retail sales and employment has weakened due to the slow growth of Quebec's population, e-commerce, and markets that have reached a mature stage.

Moreover, the Quebec commercial landscape was marked by the disappearance of several banners over the past few years, while other companies reduced their presence by closing their least profitable stores. The shock was particularly significant for clothing retailers and large department stores. In total, several thousands of jobs were lost in retail trade, and growth was severely impacted.

The momentum will remain weak in Quebec over the next few years, due to four significant influencing factors: service offering level, slow demographics, slowing economic growth, and rising electronic commerce.

The service offering is well developed. In some segments, the only way for a business to increase its revenue is to “steal” sales away from its competitors—which mean there is no additional spending involved. This situation is exacerbated by the fact that significant investments in retail trade are made in the province. At first, the impact is positive, since many workers are hired to meet the demand for labour in new locations. In the longer term, the competition will take over market shares, leading to closures and layoffs.

Quebec's population growth is one of the weakest in Canada and, in recent years, the majority of the growth has come from immigration. Some regions are experiencing solid population growth. In those areas, retail trade is expanding to meet the needs of a growing population and the creation of new households. Other regions have to deal with a stable but aging population: with a lower income, and different and lesser needs as a person ages, the lack of new consumers weakens the economic base retailers need to exist. In regions experiencing a population decline, retailers and proximity services are closing or struggling to survive. In several cases, retailers are accessible only in larger cities, as local communities face devitalization.

Since the 2008-2009 recession, GDP growth had been gradual up until last year's leap forward. Exports took a long time to recover and the domestic market experienced a slow momentum; this had an impact on consumption. Over the past two years, we have seen strong retail sale, to a level not seen in more than a decade, and the short-term trend is expected to remain good: consumer spending is on the rise in Quebec. All factors are in place to ensure this growth, including rising disposable income, low inflation and low interest rates. Without inflation, growth will remain robust, making for a stimulating economic environment.

Exposure to debt is also on the rise, but it is due to mortgages, which account for three quarters of household debt; however, Quebec has fewer mortgage arrears than the Canadian average. The most “risky” debt is consumer credit, and this kind of debt is lower and increasing more slowly in Quebec than elsewhere in Canada. The ratio of household debt to assets held is low, 90% of households are comfortable with their debt management and the percentage of at-risk households in the province is decreasing. Over the past two years, household savings ratio has averaged around 5%, a twenty-year high.

E-commerce is experiencing strong growth in Quebec and affects all age groups. However, as the CEFRIO noted in its report, [Indice du commerce électronique au Québec - Volet Entreprises](#) (2015), although nearly half of Quebecers are shopping online, less than 15% outlets conduct business electronically and not many intend to invest in the near future to change anything. This means that a significant share of e-commerce is lost to Quebec retailers, since purchases must be made through foreign websites. Currently, electronic commerce is growing at a faster pace than retail trade. As it is not able to benefit from this growth, retail trade in Quebec is losing market shares to businesses located outside the province. Moreover, current subsidies to make the shift to e-commerce are not sufficient to change the situation significantly.

Despite it all, investments continue in retail trade. Retailers are looking for ways to increase their presence, even though some markets are highly competitive like clothing, food products, personal care products, and

pharmaceutical and automotive services. Even despite a slowdown in growth over the next few years, retail trade will see employment gains.

Sectoral Dynamics for Regions

Québec 2018-2020	In the Economic Regions	AAGR
Annual average growth: 0.3% Gain of approx.: 4,000 positions Yearly dynamics: 2018: ↗ 2019: ↗ 2020: ↗	Lanaudière	0.5%
	Laurentides	0.5%
	Montréal CMA	0.4%
	Montréal	0.4%
	Abitibi-Témiscamingue	0.3%
	Capitale-Nationale	0.3%
	Centre-du-Québec	0.3%
	QUÉBEC	0.3%
	Etrie	0.3%
	Outaouais	0.2%
	Chaudière-Appalaches	0.2%
	Mauricie	0.2%
	Côte-Nord / Nord-du-Québec	0.2%
	Bas-Saint-Laurent	0.1%
	Saguenay-Lac-Saint-Jean	0.1%
Gaspésie-Les-Îles	-0.1%	

n/a: not applicable

Source: 2018–2020 Sectoral Outlook annual exercise

Labour Market Analysis Directorate, Service Canada – Quebec Region, April 5, 2018.

The following occupations of the retail trade industry are the most likely to be affected by the growth (according to the occupation by industry matrix):

- 6421 Retail salespersons
- 6611 Cashiers
- 0621 Retail and wholesale trade managers
- 6622 Store shelf stockers, clerks and order fillers
- 6211 Retail sales supervisors
- 1521 Shippers and receivers
- 7514 Delivery and courier service drivers
- 7452 Material handlers
- 1522 Storekeepers and partspersons.

SIZE AND DISTRIBUTION OF AND CHANGES IN EMPLOYMENT IN THE INDUSTRY IN QUEBEC

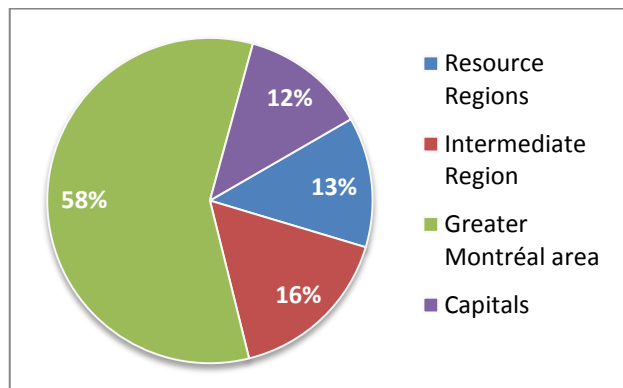
	Employment 2015–2017 Average			10-year Change in Employment	
	Employment In thousands	Provincial distribution	Regional employment share	In thousands	as a %
All of Quebec	509.6	100.0%	12.3%	28.1	5.8%
Resource Regions					
Abitibi-Témiscamingue	8.8	1.7%	12.1%	0.3	3.5%
Bas-Saint-Laurent	10.9	2.1%	12.8%	-1.5	-12.3%
Côte-Nord / Nord-du-Québec	6.7	1.3%	12.5%	-0.1	-1.5%
Gaspésie-Îles-de-la-Madeleine	5.2	1.0%	14.5%	0.2	4.7%
Saguenay-Lac-Saint-Jean	18.5	3.6%	14.5%	-0.6	-3.1%
Intermediate Regions					
Centre-du-Québec	14.7	2.9%	12.2%	1.5	11.1%
Chaudière-Appalaches	24.8	4.9%	11.5%	0.8	3.5%
Estrie	17.6	3.5%	11.4%	-1.6	-8.5%
Mauricie	17.0	3.3%	14.3%	-0.5	-2.9%
Greater Montréal area					
Lanaudière	36.4	7.1%	14.3%	6.8	23.1%
Laurentides	46.7	9.2%	15.1%	9.2	24.6%
Laval	31.3	6.1%	14.6%	2.3	7.9%
Montérégie	90.1	17.7%	11.5%	2.1	2.4%
Montréal	110.0	21.6%	11.0%	4.4	4.2%
Capitals					
Capitale-Nationale	48.9	9.6%	12.1%	3.5	7.6%
Outaouais	21.8	4.3%	10.9%	1.3	6.3%

x: confidential data, fewer than 1,500 people employed in this region

Source: Historical estimates based on Statistics Canada's Labour Force Survey

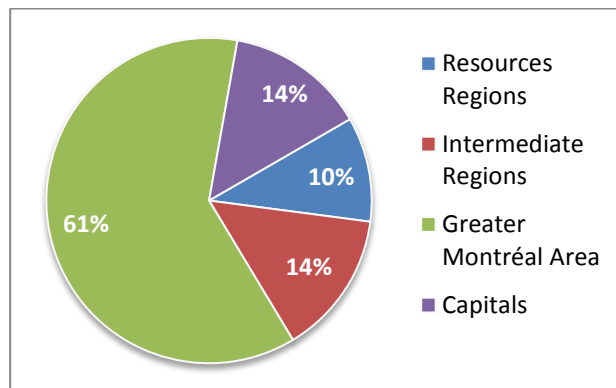
SOME CHARACTERISTICS OF THE INDUSTRY IN QUÉBEC

Establishment distribution by Region



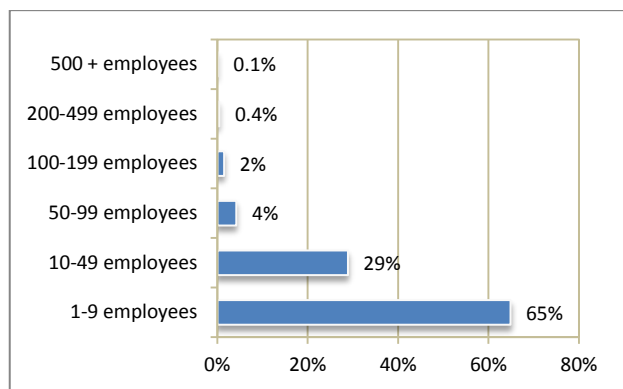
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

Employment distribution by Region



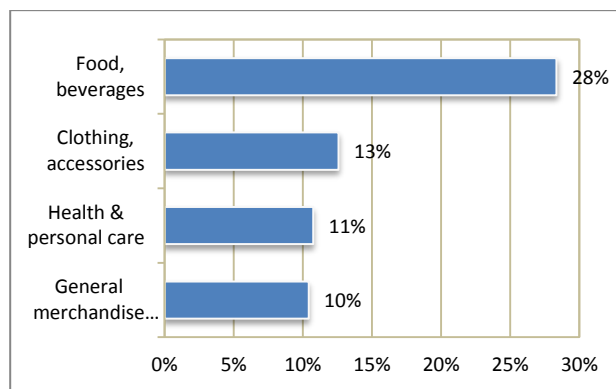
Source: Statistics Canada, Labour Force Survey; based on average employment in 2014-2016

Size of establishment



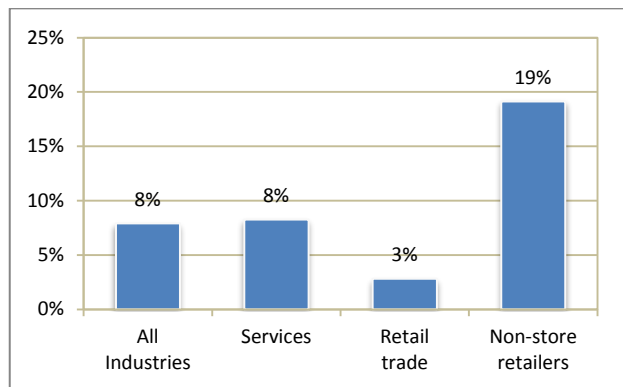
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

Employment by industry segment



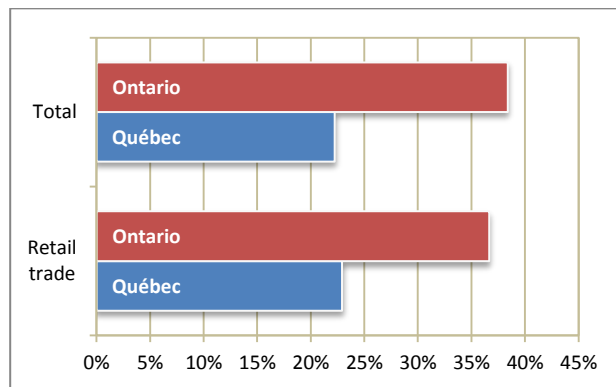
Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

Self-employed jobs compared to Total employment



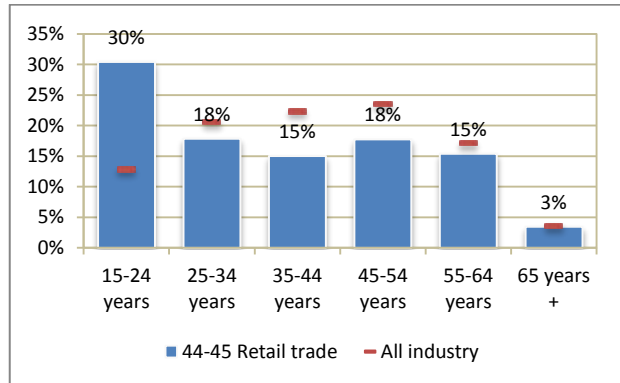
Source: Statistics Canada, CANSIM 383-0031 Labour statistics, based on average employment in 2014-2016

Share of total employment and industry in Canada



Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

Employed Labour Force Aged 15 Years and Over



Source: Statistics Canada, 2016 Census, special tabulation for ESDC

Employment distribution by skill type

National Occupational Classification	
0. Management	17%
1. Business, finance and administration	9%
2. Natural and applied sciences and related	1%
3. Health	4%
4. Education, law and social, community and government services	0%
5. Art, culture, recreation and sport	1%
6. Sales and service	58%
7. Trades, transport and equipment operators	7%
8. Natural resources, agriculture and related production	0%
9. Manufacturing and utilities	1%

Source: Statistics Canada, 2016 Census, special tabulation for ESDC

FOR MORE INFORMATION

- Job Bank (Canada) – [Job Market Trends and News](#): Information on job, skills and local labour market trends is important for making career decisions. In addition, information on wages, labour supply, labour demand and other factors helps employers recruit, train and retain workers and make business and investment decisions.
- North American Industry Classification System (NAICS) Canada 2012: Retail trade [NAICS 44-45](#)

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

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http://www.esdc.gc.ca/cqi-bin/contact/edsc-esdc/eng/contact_us.aspx?section=lmi

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