

STATE
OF THE INDUSTRY
REPORT
2014



THE CANADIAN CONVENIENCE STORE

INDUSTRY REPORT

2014

FACTS AND FIGURES

OUR PARTNERS

The Canadian Convenience Stores Association (CCSA) would like to thank our National Associate Members for their support of this year's State of the Industry report.



DEFINING A CONVENIENCE STORE

Since 2009, the CCSA has prepared an annual State of the Industry report outlining the size and scope of the convenience store industry in Canada and the competitive and regulatory issues that have impacted the industry over the years. From each of these reports, one fact is clear: the industry is changing and adapting to an ever-evolving retail and regulatory environment.

In our reports over the past three years, we have identified the threat of channel blur to the industry – a process by which consumers are moving their purchases of products traditionally associated with convenience stores to alternate channels (like mass merchandisers, club stores, dollar stores, supermarkets or pharmacies). This process has been accelerated as these other channels have adapted their offerings, operations and store environments to better attract the “convenience shopper.” Expanded hours of operation, expanded product offerings and the development of more convenient locations have all contributed to this process. What this has also done is blurred the definition of what a convenience store actually is as many of these retail outlets now look more like a convenience store than any other type of retail channel.

The CCSA has traditionally defined a convenience store as a retail business that provides the public with a convenient location to quickly purchase a wide variety of consumable products and services, generally consisting of food and gasoline. This general definition creates challenges as retailers from other channels might now fall within CCSA’s definition of a convenience store.

In this year’s industry report, we have extensively reviewed our data on the convenience store industry and have determined that an update on the definition

of what constitutes a convenience store was necessary. While not fixed, for the purposes of our industry analysis we have broadened our definition to include the following general characteristics:

1. Building size of less than 5,000 square feet (460 square metres).
2. Off-street parking and/or convenient pedestrian access.
3. Extended hours of operation, with many open 24 hours, seven days per week and not subject to holiday restrictions.
4. Offer at least 500 stock keeping units (SKU's)
5. Product mix includes a significant selection of beverages, snacks, candy, tobacco, grocery items, gasoline and lottery.

This broader characterization of our industry now captures far more sites than previously listed – by approximately 10 per cent. Given the changes occurring in the retail environment in Canada, we believe this adjustment was absolutely necessary in order to provide an accurate depiction of the convenience store industry.



Alex Scholten
President
The Canadian Convenience
Stores Association

INSIDE THE 2014 SOI REPORT

This year, we bring together data from top research organizations, including Statistics Canada, Abacus Data and AC Nielsen to provide economic and social insights into the vibrant and vital convenience store sector in Canada. As always, we encourage you to share this information with your employees and industry peers – retailers, distributors and vendors alike – to cultivate our growth and continue to build a unified channel where together we can overcome challenges, embrace opportunities and foster innovation.

CONVENIENCE STORE COUNT

NATIONAL AND PROVINCIAL

The convenience store industry in Canada is comprised of independent and chain sites with and without gas. In 2013, the total number of sites operating in Canada was 25,449.



INDEPENDENT



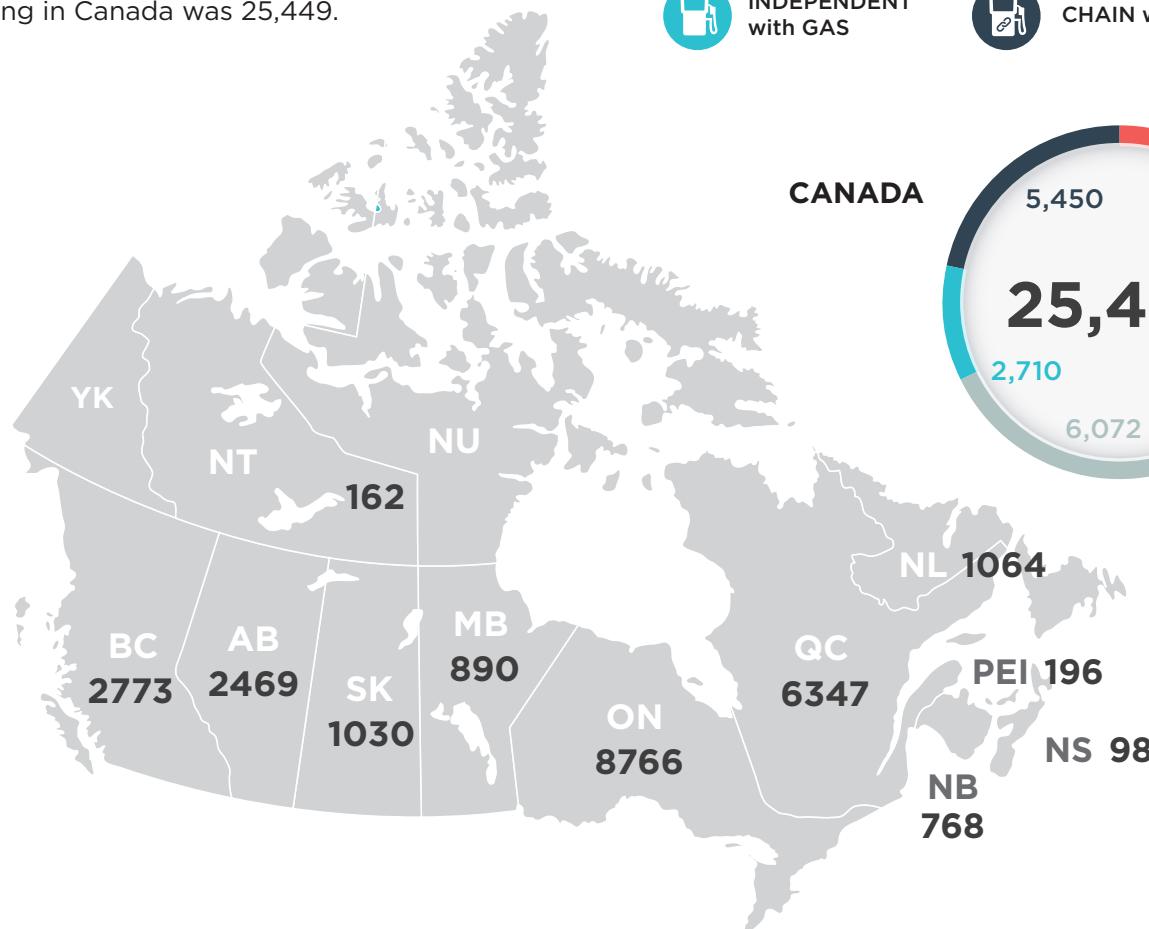
CHAIN



INDEPENDENT with GAS



CHAIN with GAS



CANADA



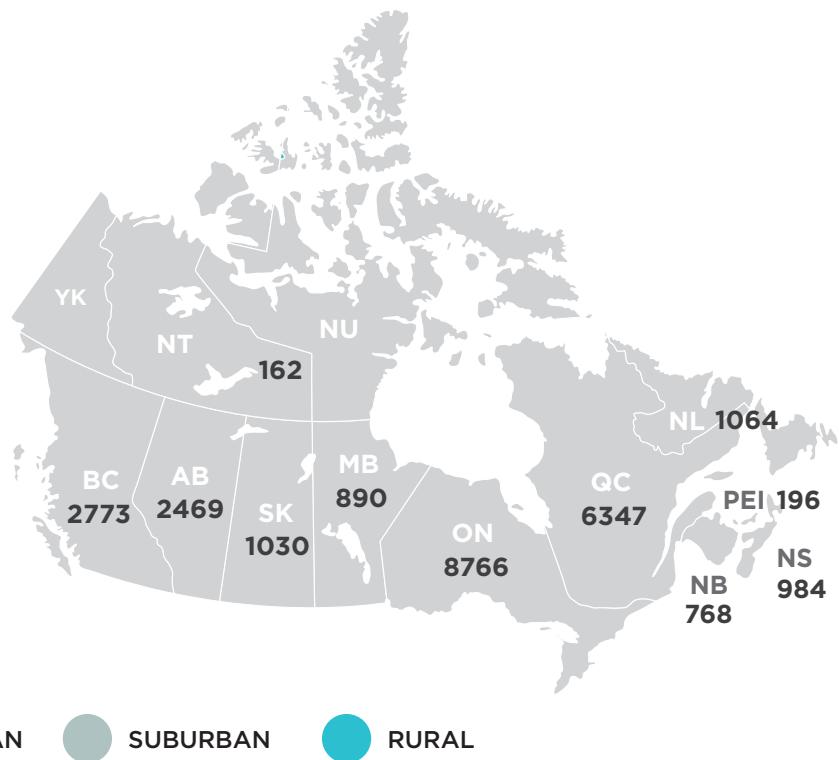
YK, NT, NU	BC	AB	SK	MB	ON
98	1276	769	442	389	3891
36	414	488	125	112	2439
13	289	422	241	183	754
15	794	790	222	206	1682

QC	NL	NB	PEI	NS
2892	603	319	84	454
1971	137	120	19	211
383	154	113	54	104
1101	170	216	39	215

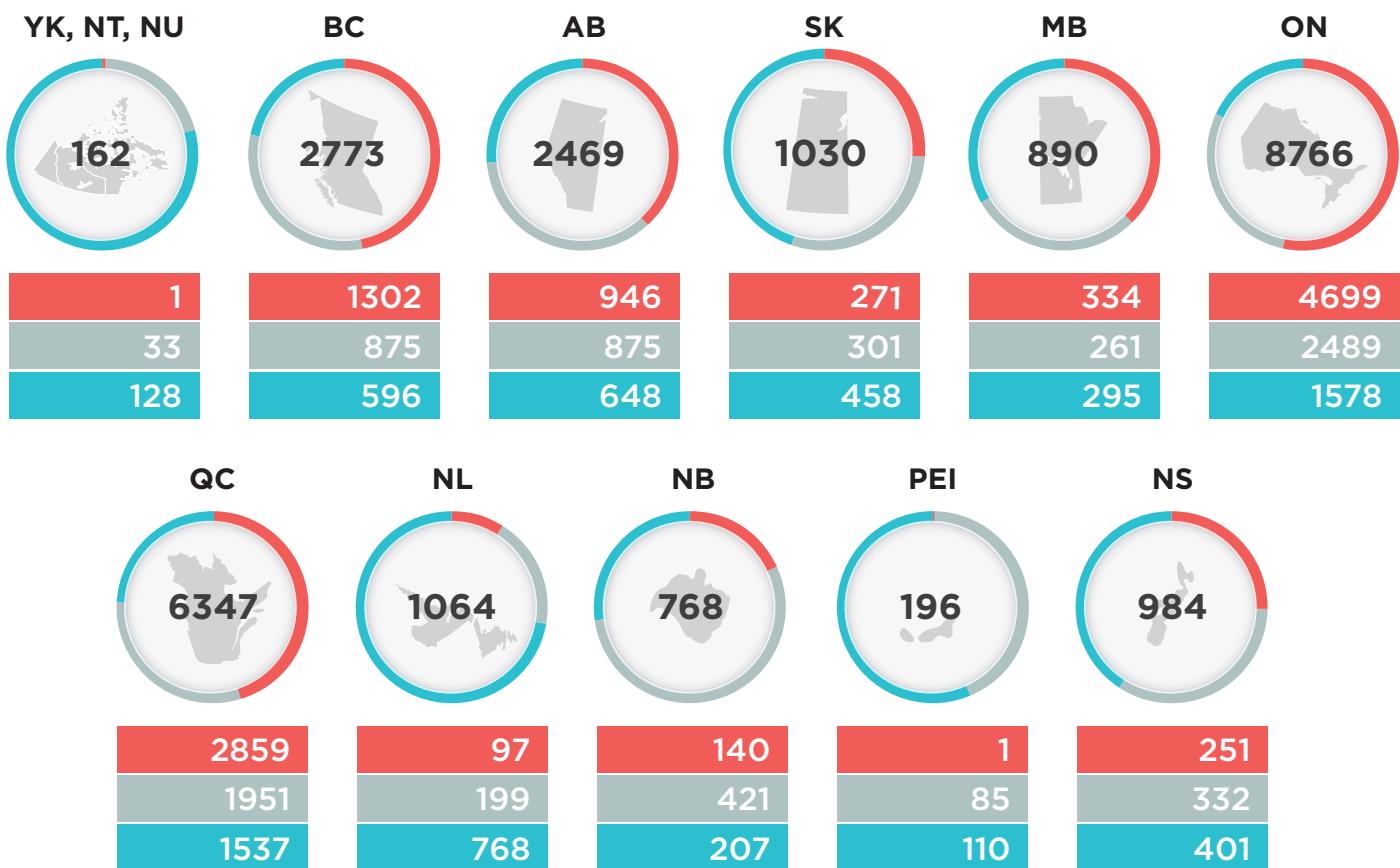
Source: Abacus Data

CONVENIENCE STORE LOCATIONS IN CANADA

Convenience stores are an integral part of the communities they serve in urban, suburban and rural settings. In fact, the 26 per cent of the industry that operates in rural communities are often the sole providers of essential goods and services like milk, bread, gasoline, ATMs and postal services.

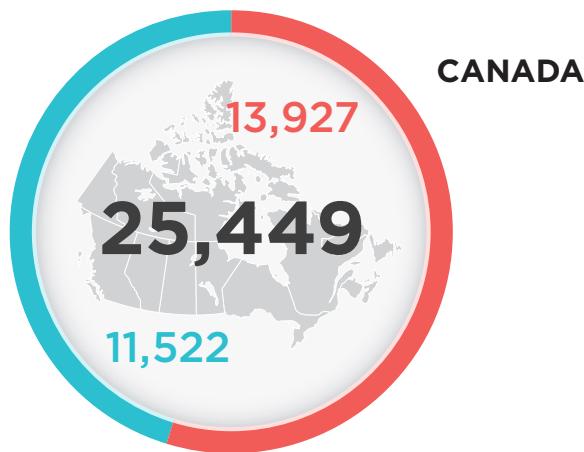


● URBAN ● SUBURBAN ● RURAL



Source: Abacus Data

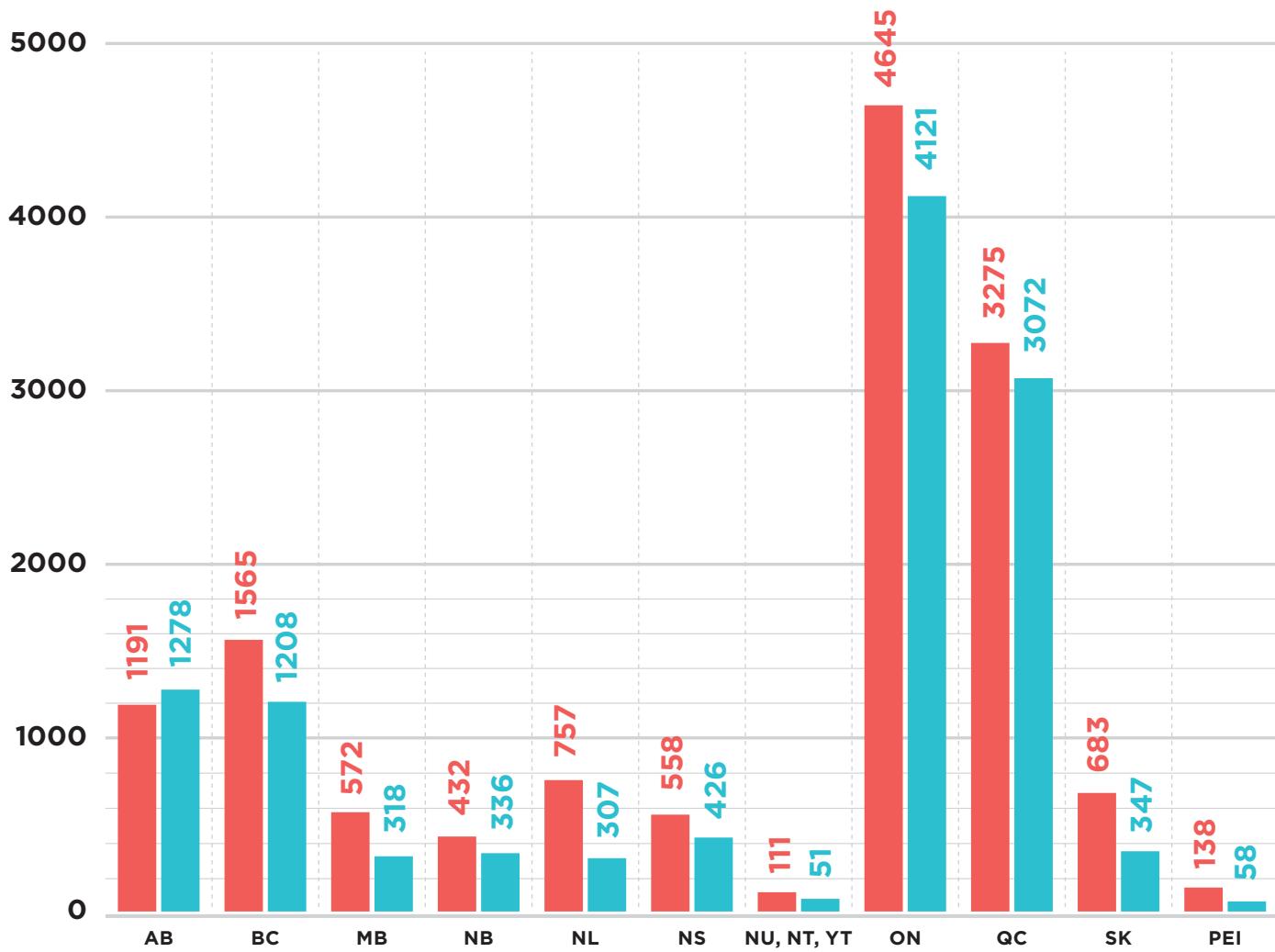
INDEPENDENT AND CHAIN CONTROLLED SITE NUMBERS NATIONAL AND PROVINCIAL



INDEPENDENT



CHAIN



Source: Abacus Data

CONVENIENCE STORE SALES

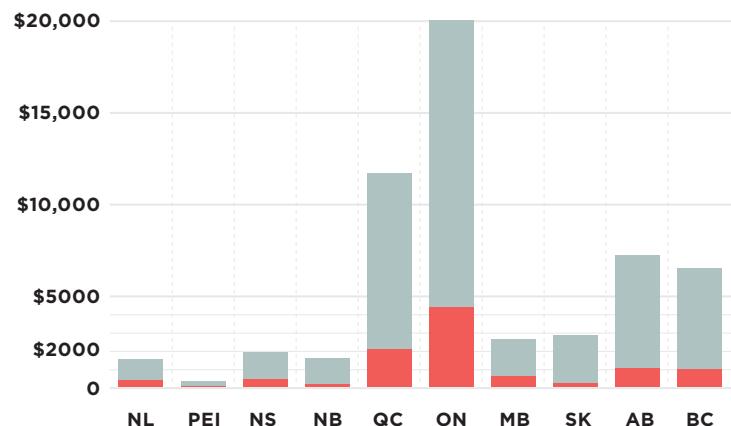
BY PROVINCE AND REGION

Sales in the convenience store industry in Canada reached \$55.6 billion in 2013. The following data provide national, provincial and regional sales figures.

	Convenience Stores Sales	Convenience Stores with Gas Sales	Combined
CANADA	\$9,871	\$45,589	\$55,460
Newfoundland	\$343	\$1,152	\$1,495
PEI	\$1	\$298	\$299
Nova Scotia	\$401	\$1,491	\$1,892
New Brunswick	\$118	\$1,449	\$1,567
Quebec	\$2,032	\$9,495	\$11,528
Ontario	\$4,260	\$15,519	\$19,779
Manitoba	\$548	\$2,044	\$2,592
Saskatchewan	\$194	\$2,627	\$2,821
Alberta	\$1,011	\$6,066	\$7,077
British Columbia	\$963	\$5,447	\$6,410
ATLANTIC	\$863	\$4,391	\$5,253
QUEBEC	\$2,032	\$9,495	\$11,528
ONTARIO	\$4,260	\$15,519	\$19,779
WESTERN	\$2,716	\$16,184	\$18,899

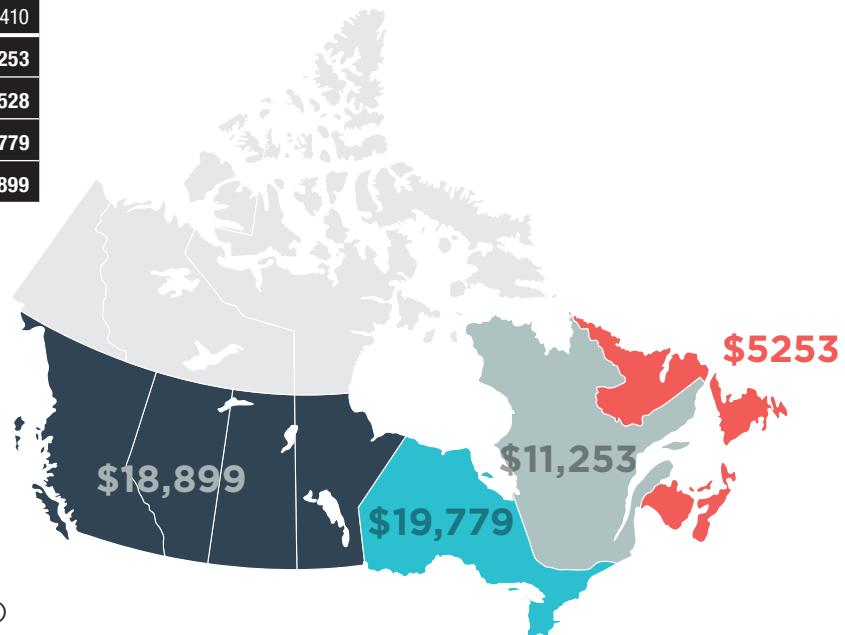
2013 Sales by Province (in millions of dollars)

CONVENIENCE STORES CONVENIENCE STORES WITH GAS



2013 Combined Sales by Region
(in millions of dollars)

WESTERN ONTARIO
QUEBEC ATLANTIC



2013 National Sales (in millions of dollars)



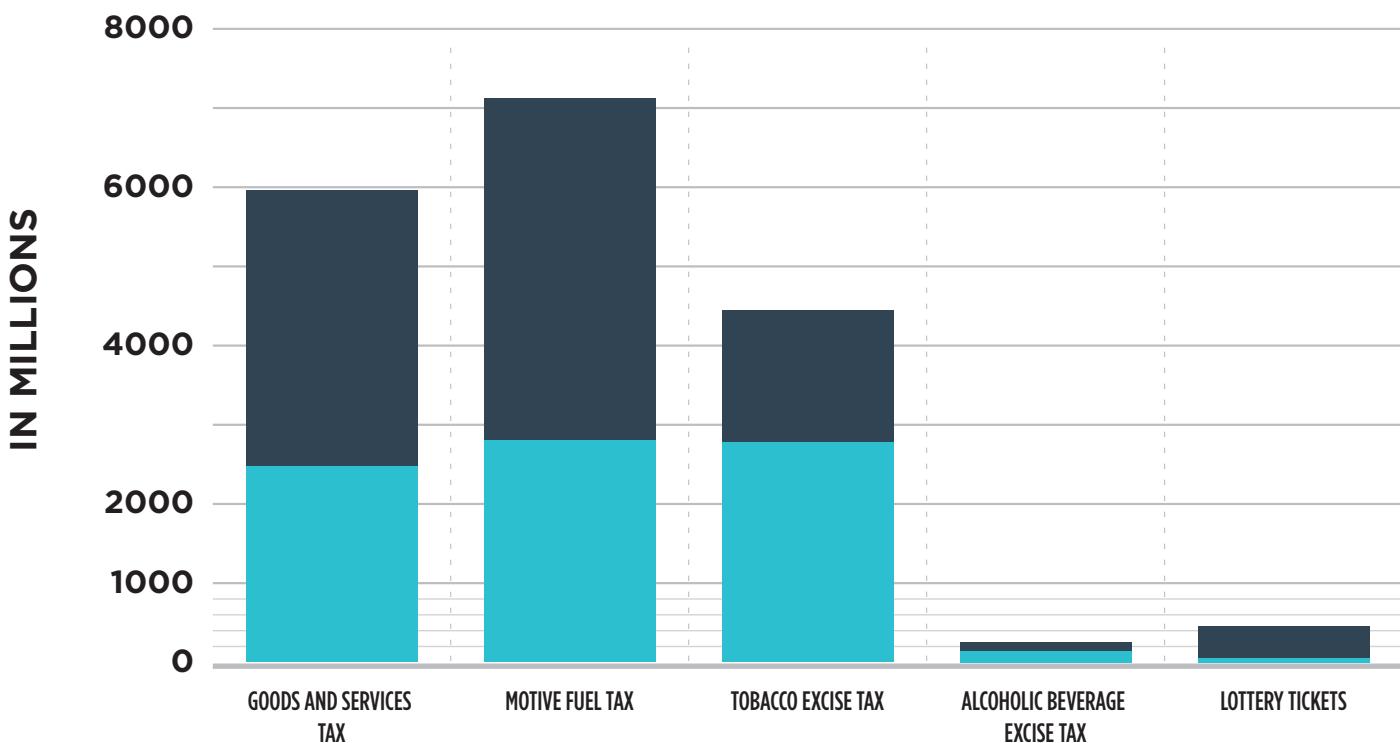
Sources: Statistics Canada and Abacus Data

TAX REVENUE COLLECTED FOR GOVERNMENT BY CONVENIENCE STORES IN CANADA

The following data outlines the revenue collected by convenience stores for federal and provincial governments in Canada on certain product and service categories within the convenience store industry. These taxes represent 17 per cent of all government revenues collected under the noted categories. On average each convenience store in Canada collected \$716,566 for federal and province governments in 2013.

TOTAL TAX REVENUE ON GOODS AND SERVICES COLLECTED BY C-STORES FOR GOVERNMENT

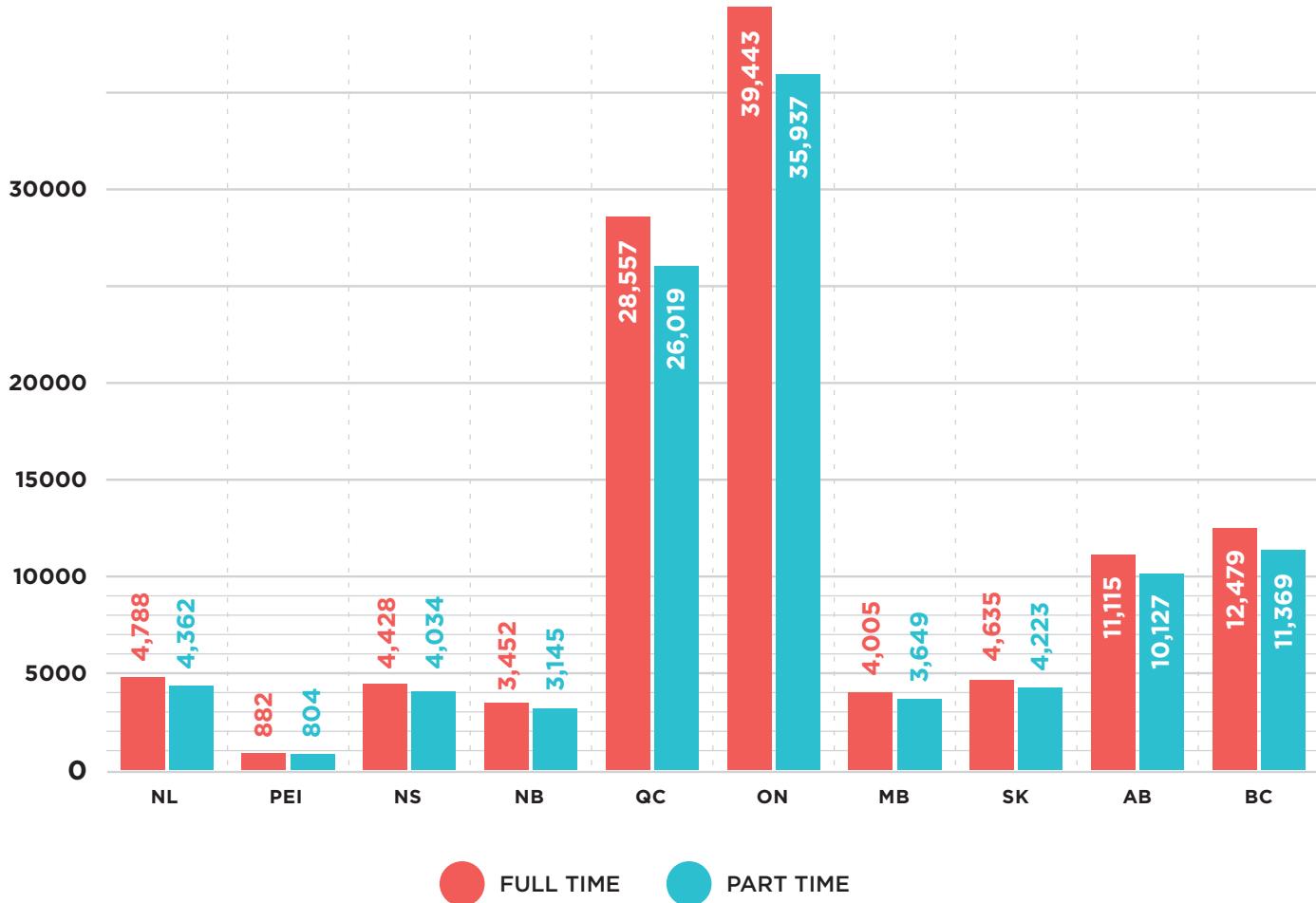
		FEDERAL	PROVINCIAL	TOTAL
● FEDERAL	Goods and services tax	2,474,444,523	3,493,165,023	5,967,609,546
● PROVINCIAL	Motive fuel tax	2,800,143,266	4,319,840,857	7,119,984,124
	Tobacco excise tax	2,777,621,300	1,666,572,780	4,444,194,080
	Alcoholic beverage excise tax	144,420,235	103,262,305	247,682,540
	Lottery tickets	51,885,679	404,544,238	456,429,917
	TOTAL	8,248,515,004	9,987,385,203	18,235,900,207
	STORE AVERAGE	324,119	392,447	716,566



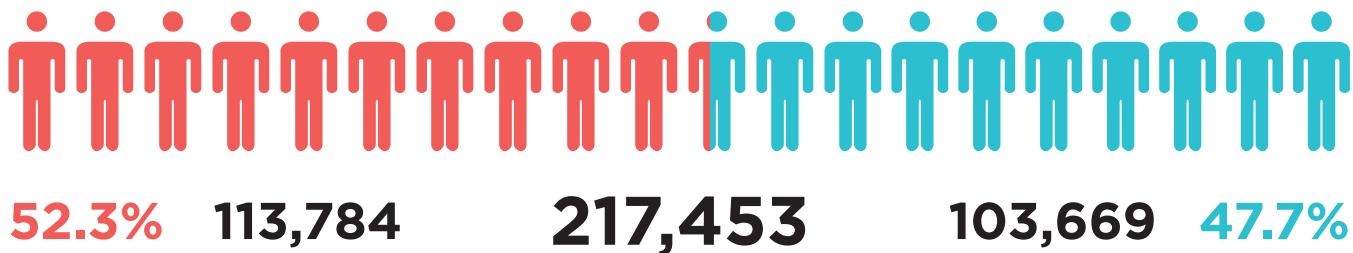
Source: Public Accounts and Provincial Lottery Corporation's Annual Report

EMPLOYMENT IN THE CONVENIENCE STORE INDUSTRY PROVINCIAL AND NATIONAL

Convenience stores continue to be an important economic driver in Canada, employing some 217,453 full-time and part-time workers.



NATIONAL

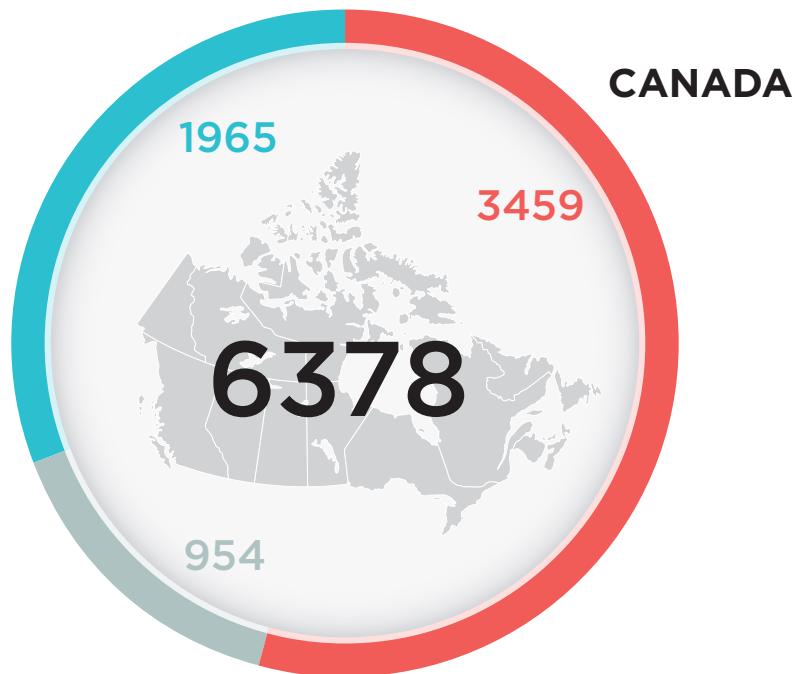


Source: Abacus Data

ETHNICITY OF OWNERS IN THE CONVENIENCE STORE INDUSTRY REGIONAL AND NATIONAL

For many newcomers the convenience store industry represents an introduction to business in Canada. Nationally, one quarter of all convenience stores are owned by those of Asian, Arabic or Indo-Pakistani decent. The following numbers are a break-down of the ethnicities most represented in the industry.

- ASIAN
- ARABIC
- INDO-PAKISTANI



Source: Abacus Data

TOP 10 SALES CATEGORIES IN THE CONVENIENCE STORE INDUSTRY

Convenience stores in Canada sell a wide range of products and services. In 2013, the top ten sales categories in the industry included the following:



Source: AC Nielsen Canada

TOP TEN GROWING SALES CATEGORIES IN THE CONVENIENCE STORE INDUSTRY

The following data represents the top ten growing sales categories within the convenience store industry in Canada.

● 2012 ● 2013 ○ SALES INCREASE FROM 2012 TO 2013

1

TOBACCO



\$2,496,609,712
\$2,603,416,468
\$106,806,756

2

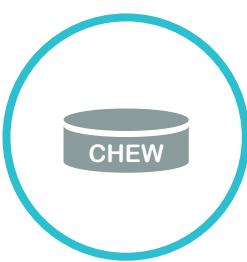
ENERGY DRINKS



\$200,566,746
\$209,710,952
\$9,144,206

3

CHEWING TOBACCO



\$35,729,670
\$40,759,644
\$5,029,974

4

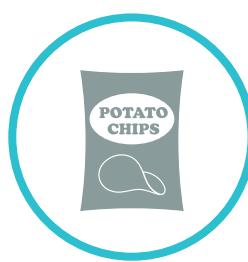
CHOCOLATE



\$127,498,046
\$131,892,608
\$4,394,562

5

SNACK FOODS



\$168,993,603
\$173,151,924
\$4,158,321

6

MEAT STICKS & BEEF JERKY



\$42,964,827
\$46,368,042
\$3,403,215

7

AUTOMOTIVE CARE PRODUCTS



\$42,150,961
\$45,181,698
\$3,030,737

8

COFFEE TYPE DRINKS



\$1,489,970
\$3,551,529
\$2,061,559

9

CANDY CONFECTION



\$63,379,651
\$65,409,997
\$2,030,346

10

JUICES & DRINKS (SHELF STABLE)



\$118,129,699
\$119,850,557
\$1,720,858

Source: AC Nielsen Canada

TOP 10 DECLINING SALES CATEGORIES IN THE CONVENIENCE STORE INDUSTRY

With consumer trends changing, it's not uncommon to see the sales of various products fluctuate year over year. The following are product categories which had a steep decline in the convenience industry in Canada in 2013.



Source: AC Nielsen Canada

REFERENCES

Pg 4. Convenience Store Count

Source: Abacus Data

Pg 5. Convenience Store Locations in Canada

Source: Abacus Data

Pg 6. Independent and Chain Controlled Site Numbers

Source: Abacus Data

Pg 7. Convenience Store Sales

Source: Statistics Canada and Abacus Data

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Source: Public Accounts and Provincial Lottery Corporation Annual Report

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Source: Abacus Data

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Source: Abacus Data

Pg 11. Top 10 Sales Categories in the Convenience Store Industry

Source: AC Nielsen Canada

Pg 12. Top 10 Growing Sales Categories in the Convenience Store Industry

Source: AC Nielsen Canada

Pg 13. Top 10 Declining Sales Categories in the Convenience Store Industry

Source: AC Nielsen Canada



OUR MISSION

The CCSA fosters the success of the convenience store industry in Canada by representing the best interests of our members – retailers, distributors and vendors/manufacturers – and the communities they serve.

We accomplish our mission by:

- » Leading government relations and advocacy
- » Promoting the professionalization of the industry
- » Offering networking opportunities to all our members
- » Developing a robust grass roots organization
- » Creating Industry recognition and awareness





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